

Clinton Is Diminished, But Still the Main Man

Around World, Power of the Presidency Retains Respect the Person Has Lost

By Craig R. Whitney
New York Times Service

PARIS — In the eyes of many of his fellow leaders and ordinary people around the world, President Bill Clinton has suffered a loss of stature following investigations of his private life and his admission that he had an inappropriate relationship with a White House intern in the Oval Office. But he has lost little of the authority and power conferred on him by the presidency.

Some, particularly in the Arab world, fear that since the public humiliation caused by disclosure of his conduct with Monica Lewinsky, Mr. Clinton no longer has the moral authority to use his great power as they would like to see it used — for example, to bring pressure on Israel.

Others in the Middle East and Africa say they believe that he ordered military strikes against alleged terrorist targets in Sudan and Afghanistan to divert attention from embarrassment at home and fear that he might be tempted for the same reason to be reckless in future crises.

But leaders everywhere say that whatever Mr. Clinton's private life, his position as leader of the world's most powerful economy and of the only military superpower gives him an indispensable role in dealing with international problems, whether terrorism or turmoil in Russia.

For that reason, he went to Moscow on Monday night with the blessings of his fellow leaders of the Group of Seven leading industrialized democracies and with advice collected by his close friend, Prime Minister Tony Blair of Britain, during the weekend.

According to a survey by New York Times correspondents on five continents, officials and ordinary people, whether they feel sympathy, pity, contempt or concern for Mr. Clinton personally, stand in awe of the power of the presidency — if somewhat less in awe of the character of the man now occupying the office.

"An emperor should behave like an emperor and a father should behave like a father," said Yan Xuetong, a foreign policy expert at the Chinese Institute of Contemporary International Relations, which is sponsored by the Chinese govern-

ment. He was citing a saying of Confucius.

Because of Mr. Clinton's difficulties over the summer, leaders in some countries are quicker than usual to take issue with American policies, privately if not publicly.

One high-ranking European official, asking not to be identified by name, criticized the president's determination to go ahead with his visit to Russia on Tuesday and Wednesday despite the political and economic turmoil that has hobbled President Boris Yeltsin.

"It's a completely useless meeting," this official said, "but neither Yeltsin nor Clinton could afford to be the first to say, 'Let's call it off.'" Another, from a different European allied country, said, "The only thing worse than carrying out this meeting between two wounded heavyweights

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Mr. Clinton ending his vacation.

Democrats Start to Fear The President's Coattails

Dream of Regaining a Majority Is Fading

By Richard L. Berke
New York Times Service

WASHINGTON — In the two weeks since President Bill Clinton acknowledged his relationship with Monica Lewinsky, the tension and uncertainty within the Democratic Party have not diminished but have, in fact, intensified as its candidates gear up for the general election campaign.

Already, Mr. Clinton's disclosure is beginning to undermine the drive to put forth a full-throated Democratic agenda, according to party candidates and strategists, who say there is a growing consensus that the party has all but forfeited its prospect for closing the 11-seat gap and winning back control of the House.

Some of these Democrats say the party could even suffer a net loss of more than a dozen seats, making any return to the majority a very arduous effort — and one that could take years.

Mayor Roxanne Qualls of Cincinnati, a Democrat in a tight contest for the House, expressed frustration that as she tries to discuss Social Security, health care and education, the press and the Republicans want only to bring up Ms. Lewinsky.

"It's not helpful to me and it's not helpful to the voters because the issues aren't focused on," Ms. Qualls said.

Many Democratic candidates around the country are putting distance between themselves and Mr. Clinton, leaving party leaders in the awkward position of backing candi-

dates who do not want the president to travel to their states or districts.

In this crucial start of the autumn campaign season, when it is especially important that the party display a united front, Mr. Clinton's disclosure has exacerbated tensions between the president and party stalwarts like Dick Gephardt of Missouri, the House minority leader who last week accused Mr. Clinton of "reprehensible" behavior.

The president himself was described by several people who have talked with him in recent days as dejected and worried that the matter could take a toll on the outcome in November, and thereby his influence on Capitol Hill.

Mr. Clinton has talked with senior Democratic lawmakers, aides said, seeking to reassure them about the elections and his ability to function.

"I don't know if he's as much worried about November as he is about his job — it's all wrapped in together," said one adviser who spoke several times to the president last week. "You do not want this to snowball and get out of control."

Despite the defensive and unsettled posture of many Democrats, party leaders put on a brave face in public.

They insist that fund-raising is holding steady, and they cling to polls showing that Mr. Clinton's job approval ratings have remained strong.

Another sign bringing them hope is that several contenders said the Lewinsky matter had not come up in their races; even some Republicans said it

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Dow Drops 500 in Market Frenzy



Viktor Chernomyrdin speaking with deputies in the Duma on Monday before his nomination as prime minister was overwhelmingly defeated.

Parliament Hands Yeltsin Defeat Over His Nominee

Power Struggle Grows More Acrimonious

By David Hoffman
Washington Post Service

MOSCOW — President Boris Yeltsin suffered an overwhelming defeat in Parliament Monday on his nomination of Viktor Chernomyrdin as prime minister.

Mr. Yeltsin immediately resubmitted the nomination while Russian political leaders voiced fear that a prolonged power struggle would aggravate the country's severe financial crisis.

The defeat left Mr. Yeltsin without a formal government in place as President

Clinton speaks out to support reforms. Page 6.

Bill Clinton was due to arrive in Moscow on Tuesday for a 48-hour Kremlin summit meeting, his first visit here in more than two years.

The Russian economic crisis is expected to dominate the talks, and the two leaders are reported by aides not to have any major agreements to sign.

Mr. Clinton has said he intends to express sympathy and support for Russian economic reform, but there is little he can do to stem Russia's slide.

The 450-member lower house of Parliament, the State Duma, rejected Mr. Chernomyrdin by a vote of 251 to 94, with the remainder not voting.

The rejection followed an appeal by Mr. Chernomyrdin, who is acting prime minister, that the country "is on the brink economically and politically."

Mr. Chernomyrdin, who was dismissed in March and reappointed in August after devaluation of the ruble and a default on Russia's internal debts, took a verbal lashing from all sides in

the lower house. He was opposed by the Communist Party, the largest faction in the Duma, by the centrist Yabloko movement led by Grigori Yavlinsky and by the ultranationalist leader, Vladimir Zhirinovskiy.

Mr. Chernomyrdin was repeatedly attacked for his role in contributing to Russia's financial crisis. "What they have been creating for the last seven years under the guise of democratic reforms is totally in ruins," said Gennadi Zynganov, head of the Communist Party. "You would not be able to handle it," he declared to Mr. Chernomyrdin, who listened to the debate, "and a massive collapse will begin — after everything that has already happened."

Mr. Yavlinsky said Mr. Chernomyrdin "simply does not understand what happened when he was in power."

The horse-trading and uncertainty left by the Duma vote unsettled Russian politicians as the country seemed to be drifting amid a dire financial crisis that has paralyzed the stock market, endangered the banking system, shut the main currency exchange and disrupted retail trade and imports.

"The fire is raging now," complained an angry Yuri Luzhkov, the powerful mayor of Moscow, who earlier had endorsed Mr. Chernomyrdin. "How can they not understand this?" he asked, referring to the members of Parliament.

"I am terribly upset that for two weeks they can't make one concrete decision," Mr. Luzhkov said to reporters, adding, "Who cares?" He was alluding to the political pact that preoccupied the lawmakers and the Kremlin officials in recent days.

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Taiwan's Leader Takes a Defiant Line

President Vows to Break Out of Isolation Imposed on Island by Beijing

By Nicholas D. Kristof
New York Times Service

TAIPEI — Resisting pressure to forge closer ties with mainland China, President Lee Teng-hui said Monday that he was seeking a "breakthrough" from the isolation imposed on the country by the government of mainland China.

In language that contrasted with the vision of the Taiwan Strait outlined by Chinese leaders and by President Bill Clinton during his trip to Beijing two months ago, Mr. Lee, in an interview, ridiculed Beijing's concept of "one China" and emphasized that Taiwan's destiny must be determined only by the people of Taiwan.

He scorned suggestions that he endeavor to work out some kind of agreement with Beijing over Taiwan's future.

Mr. Lee's comments, his first to an American publication since President Clinton's trip to China, underscored Taiwan's growing sense of identity separate from mainland China.

Some American scholars and government officials have been warning that the risk of military conflict is growing because Taiwan and China are drifting apart and because Beijing has increasing doubts that Taiwan will ever return voluntarily to the "motherland."

Speaking for more than two hours alternately in Mandarin, English and Japanese, occasionally in the same sentence and always with exuberance, Mr. Lee offered perhaps his clearest statement so far of his own aspirations for Taiwan.

Officials in Beijing, already concerned that Mr. Lee is quietly maneuvering to remove Taiwan from the

Chinese fold, are likely to be newly anxious and upset. Although President Lee reiterated his official position that Taiwan wanted to reunify with the mainland once China achieved democracy, he also referred to reunification in ways that are sure to alarm China's leaders.

Asked if he envisioned reunification as the creation of a single state or as something looser, like a Chinese version of the British Commonwealth, Mr. Lee grinned and suggested that just about anything was possible.

"What the final form will be — a federal form, a com-

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President Lee Teng-hui of Taiwan at a party congress.

Sell-Off Pushes Index Below 7,600 And Wipes Out All Gains for 1998

By Mitchell Martin
International Herald Tribune

NEW YORK — A spasm of selling erased all of Wall Street's 1998 gains on Monday, as concerns about a weak world economy discouraged investors.

The Dow Jones industrial average lost 512.61 points, the second-largest point drop on record, to close at 7,539.07. The Dow began the year at 7,908.25 and had not been below 8,000 since February. The index has now fallen 19.26 percent from the record high set July 17.

The unsettled situation in Russia and the sharp fall in the Hong Kong market (Page 11) were contributing factors to a sense that profits at American corporations would not support the record levels that stock prices had achieved in mid-July. A lack of appetite for stocks worldwide has caused markets to slide across Europe and Asia.

Michael Metz, chief investment strategist at CIBC Oppenheimer Corp., said he did not think the sell-off had run

cited heavy volume and the abandonment of such market favorites as Lucent Technologies Inc., General Electric Co. and some of the major pharmaceutical makers. "By definition," she said, "the strongest come down last."

Edward Collins, head of U.S. equity trading at Daiwa America, said, "This market looks pretty ugly right now." But he agreed with Ms. MacKay that this was a sign of an impending bottom. "Sometimes it has to look so ugly that people are spitting up stocks as fast as they can, and maybe that's where they are now."

On the other hand, he added, "the market is very, very oversold, but that doesn't mean we can't get more oversold."

The most significant selling Monday came among technology issues, reflected in the record 140.52 point fall in the Nasdaq composite index, which ended at 1,499.16. Dell Computer Corp. and

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North Korea Test-Fires a Missile Off Japan's North

By Don Kirk
International Herald Tribune

SEOUL — North Korea test-fired its longest-range ballistic missile to date into waters off northern Japan on Monday in a show of strength that analysts believed was designed to impress its own starving people as much as the rest of the world.

Military authorities here, in Washington and in Tokyo confirmed that the Taepo-Dong-1 missile, capable of carrying a nuclear warhead 2,000 kilometers (1,250 miles), knifed into the sea soon after dawn after having been fired from north of Wonsan, a major port on North Korea's east coast.

It was the first time in more than five years that North Korea had fired one of its missiles, all designed with technology supplied by Russian advisers in the 1970s and 1980s. North Korea fired a much smaller Rodong-1 missile about 550 kilometers on May 29, 1993, and fired Scud missiles in 1984 and 1986.

Russian and Japanese warships were said to be converging on the site where the missile came down, although it was not immediately clear exactly where the multistage rocket hit. Late reports suggested that an early stage fell close to or within Russian territorial waters near Vladivostok while the final stage reportedly crossed over the main Japanese island of Honshu to end up in the northern Pacific Ocean.

Tass said that a U.S. aircraft, which it called "an American Orion spy plane," had been able "to spot the rocket's launch and fall." The Pentagon said it viewed the missile-firing as "a serious development."

The firing sent shock waves through the South Korean government, which has been pursuing a "sunshine policy" of reconciliation with North Korea, and jeopardized a \$4.6 billion project by the United States, South Korea, Japan and the European Union for building a light-water nuclear reactor in the North.

North Korea, marketing its Scud and Scud-based Rodong missiles to Middle Eastern countries, including Iran, Syria

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AGENDA

Iraq Demands UN Investigation

UNITED NATIONS, New York (Reuters) — The Iraqi envoy to the United Nations, Nizar Hamdon, on Monday gave a letter to the president of the Security Council that calls for an investigation into alleged links between UN weapons inspectors and the United States and Israel.

Mr. Hamdon said the letter requested an investigation of what he called "this whole mess that has been generated by the resignation" last week of Scott Ritter, an American UN arms inspector, and reports the United States had intervened to "try to reschedule" inspections.

When Mr. Ritter resigned, he criticized the United States of intervening several times to influence the timing and target of inspections.

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Far From Humans, the Right Whale Thrives

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THE AMERICAS

President's Lawyers Ready Defense

By Neil A. Lewis
New York Times Service

WASHINGTON — President Bill Clinton's top legal and political advisers say they have developed a detailed defense against what they anticipate are the four arguments that Kenneth Starr, the independent counsel, might use to mount a case of obstruction of justice against the president.

The mobilization of the president's lawyers and political advisers is part of the preparation for the battle over Mr. Starr's expected report to the House of Representatives about issues stemming from Mr. Clinton's relationship with Monica Lewinsky, a former White House intern.

According to lawyers who say they are familiar with Mr. Starr's plans, the report is expected to be completed by late September, after which the House Judiciary Committee will be obligated to consider whether to undertake impeachment proceedings.

There are four areas of possible obstruction of justice for which the Clinton advisers have developed detailed counterarguments.

The first concerns the "talking points," a memo Ms. Lewinsky gave to Linda Tripp, her onetime friend, seemingly to help her alter in a way favorable to the president an account of her knowledge of an encounter between Mr. Clinton and another woman.

Another issue is the help given to Ms. Lewinsky by friends of the president in finding her a job.

A third concerns any abuse

of power by the president in using the White House's arsenal of lawyers and officials to maintain the deception that there was no improper relationship between Mr. Clinton and Ms. Lewinsky.

The fourth area concerns gifts the president gave to Ms. Lewinsky and whether he conspired with her to conceal them from lawyers for Paula Jones, who sought them in connection with her sexual misconduct lawsuit against Mr. Clinton.

"The fight, in large measure, has shifted from the legal arena to the political," said a senior legal adviser to Mr. Clinton. Nonetheless, the adviser, who spoke on the condition of anonymity, said that the defenses developed would first seek to defeat any anticipated obstruction of justice charges Mr. Starr might make.

"Once the whole obstruction of justice case is stripped away," another senior adviser said, "all Ken Starr is left with is a report about an inappropriate relationship and an understandable effort to conceal it."

The White House team's arguments appear strongest on the talking points. Lawyers familiar with the testimony say Ms. Lewinsky has told the grand jury she wrote the talking points herself with some help from Mrs. Tripp.

Although Mrs. Tripp has denied any role, Mr. Starr has apparently been unable to find any evidence that Mr. Clinton or any of his associates were involved in drafting the document.

The White House contends that helping Ms. Lewinsky find a job had nothing to do with any effort to buy her silence. Essentially, the argument of Mr. Clinton's supporters is one of timing: that Ms. Lewinsky began getting high-level help in finding a good job before anyone knew she was even a potential witness in the Jones case, so the career help could not have been part of an effort to persuade her to lie.

But the evidence about the timing is complicated. Mrs. Jones, a former Arkansas clerical worker, had brought a sexual misconduct suit against Mr. Clinton, contending that when he was governor of Arkansas he had made a sexual advance.

In an effort to bolster their case, Mrs. Jones' lawyers sought other examples in which the president might have engaged in sex with female subordinates, and they sought information about Ms. Lewinsky, among others.

The president's lawyers learned Dec. 5, 1997, that Ms. Lewinsky might be called as a witness in the lawsuit. Pres-

idential advisers contend that there may be documents that show that Vernon Jordan Jr., a close friend of the president, began helping her before then to find a job at a company where he had connections.

White House advisers also say they are increasingly confident that the issue of gifts can be interpreted in Mr. Clinton's favor.

The difficulty Mr. Clinton must overcome is that, according to the lawyers, Ms. Lewinsky has testified that he encouraged her to ignore a request from Mrs. Jones' lawyers to turn over any gifts she had received from him.

Lawyers said Ms. Lewinsky had testified that the president told her that she could avoid turning over the gifts if she no longer had them and that Betty Currie, his secretary, then showed up at Ms. Lewinsky's apartment to retrieve them.

The key to the White House argument is the credibility of Ms. Currie, who has been widely portrayed as a decent and honest witness. According to lawyers, her testimony conflicts sharply with that of Ms. Lewinsky.

Clinton Skips Fun for a Comeback Plan

By Ceci Connolly
Washington Post Service

EDGARTOWN, Massachusetts — It was, by all accounts, a most peculiar sojourn for President Bill Clinton — 13 days, ending Sunday, on scenic Martha's Vineyard with not a swing of the golf club, minimal hobnobbing with the island socialites and admittedly chilly relations with his wife.

But if it was not an altogether fun summer vacation for the president, the self-imposed exile may have produced some political benefits. Alone in a small guest house here, Mr. Clinton sketched in longhand what may be the outlines of a plan to rejuvenate his ailing presidency.

As he described it in an emotional discussion with civil rights leaders Friday, Mr. Clinton is grappling with a way to make amends with his family, his aides, the independent counsel Kenneth Starr and, indeed, the nation.

In 20 minutes, with little more than his scribbled notes to guide him, Mr. Clinton shed some light on how he hoped to regain his personal and political footing.

He will not apologize, but he will share his pain. He will not divulge the details of his extramarital affair with Monica Lewinsky, at the time a White

House intern, but he concedes he is paying the price of "self-inflicted wounds." And he will continue to count on a healthy economy, the prestige of foreign travel and loyal friends such as Senator Edward Kennedy, Democrat of Massachusetts, and black leaders to buoy him.

The effort began in earnest Monday with a visit to Herndon Elementary School in Virginia before he headed off to Russia for a meeting with President Boris Yeltsin, one of the few politicians who appears to be in more immediate jeopardy than Mr. Clinton these days.

In private, the president has been trying to mend relations with lawmakers who may ultimately control his fate if Mr. Starr issues a critical report to Congress, as is widely expected. Some said they were pleased that Mr. Clinton seemed more cognizant of his foibles last week than when he addressed the Lewinsky matter in a televised speech Aug. 17.

In a limousine ride Thursday, Mr. Clinton told Senator John Kerry and Representative Jim McGovern, both Massachusetts Democrats, that the timing of the Aug. 17 address, just hours after he testified before the Lewinsky grand jury, "was probably not the best," Mr. McGovern said

Sunday on an NBC news program. "We both did urge him to say more and to do so when he felt it was appropriate to make any more statements on that issue," said Mr. McGovern, who had been host to the president in Worcester.

But critics view much of the past two weeks as classic Clintonian spin — from the whispered tales about familial hostility to the missile strikes in Afghanistan and Sudan, derided as a real-life version of the movie "Wag the Dog."

The skeptics blanch when Mr. Clinton compares himself to President Nelson Mandela of South Africa, the late Reverend Martin Luther King Jr. and Representative John Lewis, Democrat of Georgia, a man revered for his bravery in the civil rights movement. Mr. Clinton's critics speculate that he is trying to generate sympathy before any more bad news comes out.

Representative Christopher Cox, Republican of California, said Mr. Clinton's semi-apology from the Vineyard sounded like another lie from a man who has already deceived the public.

"The president is putting himself first and the country second," Mr. Cox said on a CBS news program.

POLITICAL NOTES

Maximum-Security Schools?

WASHINGTON — Going to class will be a little like boarding an airliner for many U.S. pupils this year as educators try to prevent another year of bloodshed in America's schools.

The children will walk through metal detectors and past the police or other guards. A stray word about violence could mean trouble if someone overhears and reports it — perhaps anonymously.

"What we're trying to do is parallel what airports are doing with their security so we don't have people even making jokes about violence," said George Freeman, a spokesman for Springfield, Missouri, schools. There, a pupil from kindergarten through high school who even utters a threat will be turned over to juvenile authorities and kept out of school until he or she is evaluated by a counselor.

Elsewhere, children will be wearing photo ID badges and taping book bags made of see-through materials. They are being given hot-line numbers to report, anonymously, signs that a schoolmate could turn violent, and some will face punishment if they do not do so.

These are the harsh realities for many of the \$2.7 million pupils entering U.S. schools after a year in which four mass shootings took the lives of students and teachers in Jonesboro, Arkansas; Paducah, Kentucky; Springfield, Oregon; and Pearl, Mississippi. (AP)

A State Quits Tobacco Talks

BOSTON — Accusing the tobacco industry of stalling, Massachusetts has pulled out of negotiations between nine states and cigarette makers trying to reach an out-of-court national tobacco settlement.

The Massachusetts attorney general, Scott Harshbarger, said he would focus on a lawsuit in state court. The state is seeking billions of dollars to reimburse Medicare expenditures on smoking-related diseases.

"Unless 'Big Tobacco' shows me they are willing to take more responsibility for protecting our children and improving public health, I am not interested in returning to negotiations with them," Mr. Harshbarger said Sunday.

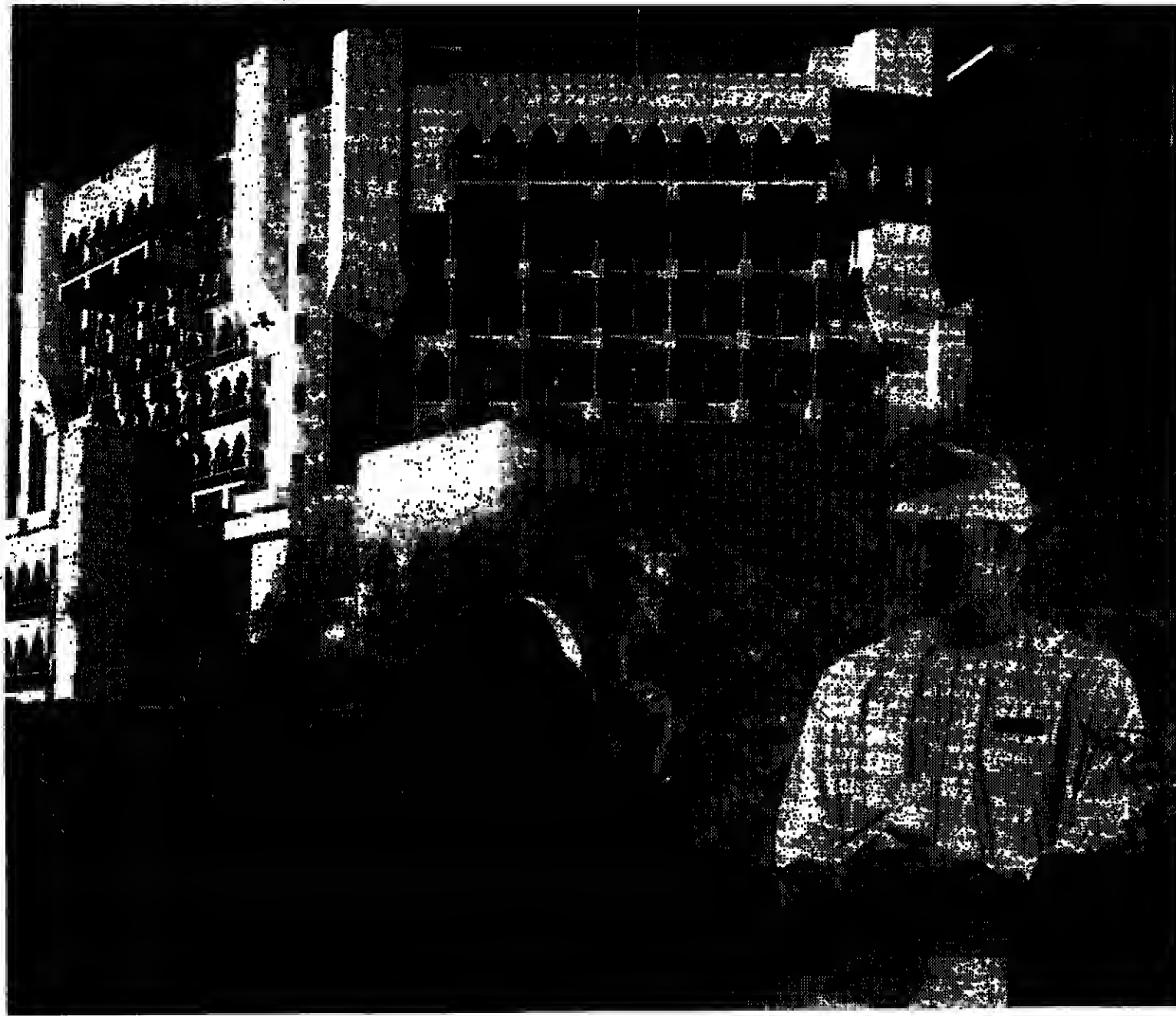
Mr. Harshbarger accused cigarette makers of backpedaling on earlier commitments to fund efforts to curb teenage smoking and reduce advertising and promotions. He also was upset that the industry is refusing to drop its opposition to being regulated by the Food and Drug Administration.

The nine-state talks followed a collapse in the proposed national tobacco agreement last year that would have paid \$368.5 billion over 25 years. The plan fell apart when Congress failed to vote on it. (AP)

Away From Politics

• An airplane with 97 people on board was quarantined at LaGuardia Airport in New York for two hours after a passenger who had been on the plane on an earlier flight claimed he had the deadly Ebola virus. He was found by officials in Montreal, where he had gotten off, not to be infected. (AP)

• A teenager fleeing from the police in Kenner, Louisiana, crashed his stolen car into a car filled with children, killing four people and critically injuring four others, all within sight of the small brick church where the family was going to worship. (AP)



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ASIA/PACIFIC

Moribund Malaysian Economy Gets Boosterism, Not Austerity

By Seth Mydans
New York Times Service

BANGKOK — Driving what he said was the only Asian car to be parachuted onto the North Pole, Prime Minister Mahathir bin Mohamad of Malaysia led what he called the world's longest motorcade this weekend, a convoy of 1,988 Malaysian-made cars.

It was cheaper than building the world's tallest building, highest airport control tower or loftiest flagpole — all of which Mr. Mahathir accomplished when Malaysia was flush with cash during Asia's miracle years.

But the message was the same. As one group of spectators shouted as the 10-kilometer-long (6-mile-long) motorcade drove through the rain Sunday: "Malaysia can!"

Boosterism is getting tougher these days as economic troubles deepen into recession and embolden the political op-

position to Mr. Mahathir's leadership. But the 72-year-old prime minister is fighting back. In what has been by Malaysian standards a lurid backroom brawl, he has sidelined his increasingly assertive deputy prime minister, Anwar Ibrahim, and seized control of economic policy, turning it on its head in a gamble on the country's future.

Turning away from the tight fiscal policies Mr. Anwar had been pursuing in his role as finance minister, Mr. Mahathir this month reasserted the expansionist approach he has always favored, lowering interest rates and raising government spending.

Mr. Anwar, 51, who represents a younger political generation in Malaysia, has been Mr. Mahathir's heir apparent for the past six years, promising a very different, more liberal future for the country. The odd but successful coupling of their different styles and philosophies has been strained over the

past year as the economy soured and as Mr. Mahathir rattled foreign investors with his attacks on currency speculators, neo-colonialists and Jews who he said were trying to ruin Malaysia.

Mr. Anwar was left to placate critics and at times to correct Mr. Mahathir's statements, and his profile and popularity rose — dangerously, as it turned out.

Two months ago, at the annual general assembly of the governing party, the United Malays National Organization, known as UMNO, Mr. Anwar's supporters tested their strength, mounting a tentative challenge to Mr. Mahathir's leadership. One speech raised accusations of corruption and nepotism — code words drawn from the opposition in Indonesia that successfully toppled President Suharto in May.

The backlash was swift. Three editors seen to be aligned with Mr. Anwar were forced from their jobs. The governor of the central bank and his deputy — also

seen as close to Mr. Anwar — stepped down in protest against the changes in economic policy. And Mr. Anwar's clout was undermined by the appointment of his predecessor as finance minister, Daim Zainuddin, as a special economic adviser to the prime minister.

Mr. Anwar got the message and has retreated from the limelight, ostensibly supporting Mr. Mahathir with statements like, "Compared with me, I am just a student; I cannot fight my teacher."

Mr. Anwar is still alive politically, but he is severely wounded, political analysts say.

"This latest episode has forced open the whole succession question," said Razak Baginda, executive director of the Malaysian Strategic Research Center. "A year ago I would have told you, no question that it is going to be Anwar. Now I think almost everybody has doubts that he'll make it to be number one."

But as in Indonesia and other nations suffering through Asia's economic crisis, political maneuvering, even by a master, is no longer enough. Economic hardships, often subject to forces beyond national borders, can force political change, as they have already done in Thailand, South Korea, Japan and Indonesia.

On Thursday, Malaysia announced that it had fallen into its first recession in 13 years, with its economy shrinking by close to 7 percent after a decade of growth at an annual rate of more than 8 percent.

The construction sector — a key barometer of economic health — was down by 22 percent in the second quarter of the year, compared with 12 percent growth in the like period last year, the central bank announced. Nationwide unemployment rose to 6.7 percent in a country that recently imported workers to fill its needs.

Over the past year, the currency has lost 40 percent of its value against the dollar and the stock market has lost 75 percent of its total worth. More than 2,600 people are losing their jobs every week, according to the Human Resources Ministry.

Last month, with Mr. Daim now crafting an economic policy closer to Mr. Mahathir's heart, the government launched a stimulus package called the National Economic Recovery Plan. It aims to hold down unemployment and keep businesses alive by lowering interest rates, pouring money into construction projects and financing lending.

The plan goes against economic orthodoxy and the prescriptions fostered in the region by international lenders. Mr. Daim described it as "a package of programs to restructure the financial and corporate sectors without abandoning our social agenda."

But he also broke with the government's insistence on rosy pronouncements, conceding, "We are facing reality now and saying the good old days will not return."

The period of denial in Malaysia is over, said an artist who insisted that his name not be printed for fear of political repercussions. "Nerves are raw now," the artist said, adding that he was speaking for his friends in Malaysia's middle class. "We know things are going to be very hard, going to be terrible. So people are watching really carefully. There's no way anymore to go about hoodwinking the public."

But that doesn't mean you can't have a big party, maybe even the biggest in the world.

For National Day celebration Monday, Malaysian officials were preparing what they call the world's biggest beach party, along with the world's biggest outdoor buffet, honored with the world's biggest pop-up greeting card.

BRIEFLY

Taleban Accuses Iran of Threats

KABUL — The Taleban movement on Monday accused neighboring Iran of threatening behavior for conducting military maneuvers on its border and warned Tehran against any escalation of tensions.

Despite the "failure" of the "flagrant and shameless interference" in Afghanistan by Iran, it intends to threaten Afghans by carrying out military exercises along the Afghan border under the excuse of its missing spies," a Foreign Ministry statement said.

The statement was issued as Iran prepared to hold exercises involving 70,000 troops on its northeastern border with Afghanistan.

Iran accuses Afghanistan of holding 10 diplomats and a reporter, who were captured when the Taleban militia took the city of Mazar-i-Sharif in northern Afghanistan early in August. (Reuters)

Indian Train Hits Van, Killing 27

JAIPUR, India — A passenger train rammed into a van at an unmanned railroad crossing in the western Indian state of Rajasthan on Monday, killing 27 people and injuring 22, officials said.

"The train crashed into the van at an unmanned crossing; 19 people died on the spot while eight died in the hospital," a police spokesman in the state capital, Jaipur, said.

The accident occurred in Udaipur district, 350 kilometers (220 miles) south of Jaipur. (Reuters)

Tsunami Attributed To Undersea Slide

LOS ANGELES — A scientific team that visited the site of the July 17 tsunami on the Papua New Guinea coast has theorized that the deadly waves were probably the result of an undersea landslide caused by an earthquake centered inland.

This is a different scenario from the one reported in some initial dispatches, which said the tsunami was set off by a magnitude 7.0 earthquake centered 20 kilometers out to sea.

The team was headed by Professor Costas Synolakis of the University of Southern California. (LAT)

Sumatrans Stone Troops As They Leave

Compiled by Our Staff From Dispatches

JAKARTA — An angry crowd pelted Indonesian soldiers with stones and set buildings on fire Monday in Aceh Province as the army completed its promised withdrawal of combat troops from the troubled region of Sumatra, witnesses reported.

They said soldiers preparing to depart from the industrial center of Lhokseumawe, on the northern tip of the island, fired into the air as thousands of people watching the ceremony hurled stones and shouted abuse.

"Racists!" "Dogs!" and "Pigs!" the crowd yelled.

When the troops left in a convoy of trucks, the mob attacked buildings and cars, setting some on fire.

Although the attacks initially targeted properties and businesses of ethnic Chinese, the stoning later spread to other businesses.

A prison was attacked and dozens of inmates escaped, witnesses said.

Witnesses said security was absent for most of the day until 100 soldiers and police officers appeared as the crowds were setting fire to buildings. They did not intervene.

"The troubles are still going on and police units are already deployed in town," First Sergeant Achmad Razali



Students, demanding that a pulp plant in Sumatra be shut down, rallying Monday in front of the company's Jakarta headquarters. Indonesians have long protested the plant's effect on the environment.

said as dusk fell.

Inhabitants of the staunchly Muslim province charge that the army was responsible for abductions, torture, rape and the dumping of hundreds of victims in mass graves during a nine-year crackdown against a separatist insurgency.

The armed forces chief, General Wiranto, flew to Aceh early in August to offer an apology for army abuses during the crackdown.

He announced an end to military operations and said all combat troops would be out within a month.

A Defense Ministry spokesman said the withdrawal of 658 troops Monday, including 28 members of the feared

Kopassus elite forces, meant all combat troops had been removed from Aceh. In the first stage of the withdrawal, 250 soldiers exited Aug. 20, to jeers.

Indonesia has removed troops in recent months from Irian Jaya and East Timor, where it also faced separatist insurgencies. (Reuters, AFP)

■ Riots on Lombok Island

Hundreds of people rioted Monday on the eastern Indonesian island of Lombok, leaving at least 13 injured, when the authorities ignored public protests and installed a government-backed governor, Agence France-Presse reported.

Election Protest By Cambodians Again Rejected

Reuters

PHNOM PENH — The political crisis in Cambodia deepened Monday as the country's top legal body rejected all opposition complaints over the election in July, which was officially won by Hun Sen's governing party.

Opposition leaders said their protest campaign against the vote result, now in its second week, would intensify. Mr. Hun Sen said force would not be used to end the demonstration.

The Constitutional Council said it had conducted a thorough investigation of opposition complaints and had decided to uphold a decision by the National Election Committee to reject the grievances because of a lack of evidence.

The opposition, led by the deposed co-prime minister, Prince Norodom Ranariddh, and his ally, Sam Rainsy, a former finance minister, alleges that Mr. Hun Sen's Cambodian People's Party won the July 26 vote because of widespread fraud and intimidation.

International observers said the vote was sufficiently fair, but the opposition was demanding recounts in numerous constituencies and fresh votes in others.

Prince Norodom Ranariddh was not immediately available for comment, but an official from his FUNCINPEC party said that a sit-down protest outside Parliament would intensify.

Reject Racism, Ex-Leaders Urge Australians

Reuters

SYDNEY — Four former prime ministers issued an open letter Monday calling on Australians to reject politicians who campaign on racism in the national election scheduled for October.

The former leader of the Liberal Party of Australia, Malcolm Fraser, and three former leaders of the Australian Labor Party, Gough Whitlam, Bob Hawke and Paul Keating, warned, "Racism is an unmitigated evil, it is immoral, it does Australia significant harm through Asia and in the wider world."

"It destroys our self-esteem and self-respect," they said. "In Australia it would pit Australian against Australian. It would be destructive of our society."

"At this election everyone has the opportunity to demonstrate that there is no room for racist politics in Australia," they continued. "We therefore urge you

to put any candidate supporting any form of racism last in the election."

Prime Minister John Howard on Sunday called an early election for Oct. 3, declaring economic management would be the key issue in his re-election strategy.

But Aboriginal and ethnic leaders and political commentators said the issue of race would be a major undercurrent because of the rise of Pauline Hanson, head of the anti-immigrant One Nation Party.

Analysts say Ms. Hanson's party could win enough votes in the Senate to control the balance of power there, largely by attracting disillusioned conservative voters from Mr. Howard's Liberal-National coalition government.

Under Australia's electoral system, voters rank candidates in order of preference.

The Australian Democratic Party,

which in the past has held the balance of power in the Senate, is now vying directly with One Nation for the role of the third force in Australian politics.

The Democrats began their campaign Monday under the slogan "Vote Democrat to stop One Nation dividing Australia," and incorporating the confronting image of a torn Australian flag.

"One Nation uses an image of Pauline Hanson wrapped in the flag," said Meg Lees, leader of the left-leaning Australian Democrats Party. "I think the future of Australia if One Nation gets its hands on power is more accurately represented by the torn flag."

Ms. Hanson contends that Aborigines receive privileged treatment by the government at the expense of other Australians and that Asian immigrants are taking away jobs. Those assertions are dismissed as untrue by most other politicians.

MISSILE: North Korea Test-Fires Rocket Into Waters Off Japan

Continued from Page 1

and Libya, has counted on its missile program to bring billions of dollars into its economy.

The North is not believed to have marketed the two-stage, liquid-fueled Taepo-Dong-1 abroad but is reportedly working on the Taepo-Dong-2, with twice the range.

Initially, however, the South Korean government sought to minimize the implications, interpreting the firing as a politically inspired device to build up Kim Jong Il, North Korea's leader, as he prepares to accept the title of president on Sept. 9.

"One possible interpretation is they are preparing for the official inauguration of Kim and fired the missile as a symbol of their achievement," said a senior aide to President Kim Dae Jung, who has repeatedly called for talks with the North and most recently suggested exchanging envoys.

The North fired the missile as delegates to the Supreme People's Assembly were gathering in the North Korean capital of Pyongyang for its first session in eight years. The 700-member assembly opens Saturday, largely for the purpose of electing Kim Jong Il as president.

South Korean officials also believed the firing was intended to strengthen North Korea's position in talks between U.S. and North Korean diplomats in New York.

Charles Kartman, leader of the U.S. negotiating team, was expected before the missile-firing to ask the North on Monday to permit U.S. inspectors to look at an underground facility that American officials say was designed for nuclear warheads in violation of an agreement reached at Geneva in 1994. U.S. officials said satellite photographs showed thousands of workers building the facility.



Under terms of the agreement, North Korea promised to give up its nuclear program, while the United States agreed to provide 500,000 tons of heavy fuel oil during construction of a nuclear power plant.

Observers noted that the North has been angered by delays in shipment of the fuel oil amid debates in the United States, Japan and South Korea about whether to go on financing the nuclear power plant.

"Firing the missile is a negotiation card for talks with the United States," said Huh Moon Young, leader of the national policy team at the Korea Institute for National Unification. "That means they can develop their capability to strike Japan, and some day they can strike the United States."

Mr. Huh said the North had designed the missile, which has twice the range of the Rodong, in the 1980s but had never test-fired it.

He said the missile was named by American intelligence analysts, who learned from satellite photographs that it was under construction near a town named Taepo-Dong.

By coincidence, the Korean Peninsula Energy Development Organiza-

tion, known as KEDO, the agency responsible for carrying out the power plant project, issued a draft resolution Monday reaffirming the commitment of all the governments. South Korea was to provide 70 percent of the cost of the project.

Shortly after the news of the missile firing was confirmed, however, both South Korea and Japan said they were reconsidering their roles in the project. Outraged Japanese officials said they had "suspended signing" the resolution.

South Korea warned that the resolution was in danger but was anxious to await an explanation or at least a commentary from the North. The South has adopted a policy of forbearance in hopes of reconciliation despite the North's apparent rejection of President Kim's overtures.

The missile-firing was likely to have as much impact on Japan as on South Korea. Japan recently restarted talks with North Korea on normalizing relations with North Korea, whose missile capability is viewed as an immediate threat to Japanese security.

Prime Minister Keizo Obuchi of Japan said he was considering "measures" but did not elaborate. He indicated North Korea may have warned of plans to test-fire a missile, saying he had "heard about it" beforehand. Japanese newspapers reported two weeks ago that North Korea was planning to test-fire a missile before Kim Jong Il's election as president.

The U.S. secretary of state, Madeleine Albright, expressed concern about the test-firing and said American officials would be raising the matter with the North Koreans.

"We are concerned about it, as are the Japanese and the Russians, and this is something that we will be raising with the North Koreans" at the talks in New York, she said.

Albright

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Ethnic Albanians

By Mike C...

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مكتبة القرآن الكريم

EUROPE

Albright Firm on Dayton Pact

Visiting Sarajevo, She Rules Out Any Revision Over Bosnia

The Associated Press
SARAJEVO, Bosnia-Herzegovina — Madeleine Albright, the U.S. secretary of state, has strongly reaffirmed her support for the Dayton Accords, she said Monday.

"There will be no revision of the Dayton Accords," she said Monday. Mrs. Albright added after talks with Muslim and Croat leaders that a just peace in Bosnia-Herzegovina required that the capital be an open city, hospitable to all ethnic groups.

Overall, she and her advisers said they were pleased with what they had seen in a two-day trip to Croatia and Bosnia: Refugees are returning in the aftermath of a bloody conflict that ended nearly three years ago

and, with U.S. and other assistance, homes and industries are being rebuilt.

Volkswagen, the German car manufacturer, formally resumed production Monday in Sarajevo, and Foreign Minister Klaus Kinkel was visiting to mark the occasion.

Mrs. Albright, at a news conference, said the city "looks more normal" since her visit in May 1997.

"It has achieved peace," she said. "Now it is important that the people get what they had before the war — security and the right to travel."

Appearing with her were Alija Izetbegovic and Kresimir Zobic, the Muslim and Croat presidents in a three-way power-sharing arrange-

ment. The Serb leader, Momcilo Krajisnik, was pointedly shunned.

■ Visit a Strong Symbol

Steven Erlanger of The New York Times reported earlier:

Mrs. Albright slept Sunday night in Sarajevo's refurbished Holiday Inn, its shell-cratered walls now repaired, beside what was once Sniper's Alley.

Her overnight stay was meant to be a dramatic symbol, U.S. officials said, of the distance Bosnia has come since Washington finally intervened to end the vicious civil war in 1995.

But most of Mrs. Albright's long day in Croatia and Bosnia was devoted to pressing divided communities — Serb, Croat and Muslim — to make the still-artificial Bosnia closer to the multiethnic democracy envisioned in the Dayton Accords, but far from reality on the ground.

With most of the world's attention now on the civil war in nearby Kosovo, U.S. officials are deeply concerned about Bosnia's next big test — full-scale elections in two weeks.

On Sept. 12 and 13, the various communities of Bosnia will vote for the three joint presidents of the entire country, as well as the presidents and Parliaments of its two constituent parts, the Bosnian Serb Republic and the federation between the Croats and Muslims.

The number of American troops patrolling Bosnia has gone up from 6,900 to 8,500 with rotations carefully staggered for this election season. Pentagon officials said, to tamp down any new violence.

Most important to American officials, however, will be the contests among the Bosnian Serbs.

Washington wants these elections



Madeleine Albright, the U.S. secretary of state, with Alija Izetbegovic, a Bosnian leader, as she discussed her talks Monday in Sarajevo.

to confirm the decline in support for hard-line Serbs who still support an indicted war criminal, Radovan Karadzic, and ratify the pro-Dayton line of the woman who broke with Mr. Karadzic after he anointed her as his candidate for the Bosnian Serb presidency, Biljana Plavsic.

Mrs. Plavsic is a committed Serb nationalist, but in the last 18 months she has worked to get the benefits of compliance with the Dayton pact that ended the war. This has meant \$100 million in U.S. aid this year alone.

Asked about the situation in Kosovo, where President Slobodan Milosevic of Yugoslavia is trying through harsh measures to regress an independence movement, Mrs. Albright renewed a warning of possible retaliatory air strikes by NATO.

She was meeting the NATO com-

mander, General Wesley Clark, on Monday in Sarajevo to discuss the alliance's plans. She clearly intended to tell Mr. Milosevic that the West was serious about demanding a halt to the burning of villages and creation of refugees, especially with winter coming on.

"The tragedy of watching the people expelled from their homes and the various killings are not something the United States and its European allies can tolerate much longer," Mrs. Albright said.

In fact NATO is divided about using force over Kosovo and opposes independence for the Serbian province, as its majority ethnic Albanians prefer. Some member countries say they want a UN Security Council resolution authorizing force before NATO uses it. And so far Western threats of force have proven to be hollow.

BRIEFLY

Turkish Police Halt 'Peace Bus' And Detain More Than 120

ISTANBUL — Turkish police detained more than 120 people Monday, including leading civil rights campaigners, as they were about to start a rally calling for a peaceful solution to the Kurdish conflict in southeast Turkey.

The protesters were to have traveled by bus from Istanbul to the southeastern city of Diyarbakir, arriving Tuesday for a World Peace Day demonstration. Along the route, their "peace bus" was to have stopped off in several cities, including Ankara, the capital, for meetings with rights groups.

Riot police surrounded the protesters and those who had come to see them off in central Istanbul and dragged them into waiting police buses.

Senior members of the Human Rights Association and the Istanbul head of the Kurdish People's Democracy Party were among the 127 people detained, according to the Anatolian news agency. (Reuters)

Basques Open Vote Campaign

MADRID — The president of Spain's Basque region, Jose Antonio Ardanza, dissolved the regional legislature Monday in preparation for elections set for Oct. 25.

The campaign was all but certain to focus on conflicting visions of how to bring peace to the Basque region after 30 years of bombings and assassinations by the guerrilla group ETA (Basque Homeland and Liberty). Mr. Ardanza's Basque Nationalist Party has held talks with radical separatists on starting a peace process modeled on that in Northern Ireland. (Reuters)

No Surveillance of Scientology

BERN — Switzerland said Monday that it saw no need to place the Church of Scientology under nationwide surveillance by intelligence agents, as Germany has done. Scientology shows totalitarian traits, but there is no basis for surveillance, a government commission said. But it said the situation would be reviewed later.

In June 1997, Germany placed Scientology under scrutiny, citing alleged undemocratic aims.

In contrast, extreme and totalitarian views can only be monitored in Switzerland if they involve crimes against the state or violence. (AP)

In Kosovo, More 'Cleansing'

Ethnic Albanians Rid a Mountain Village of Serbs

By Mike O'Connor
New York Times Service

PRISTINA, Serbia — The six front windows of Rade Smigic's hillside home in the village of Leucina open out on a hucolic panorama that starts with pear trees in the yard and then broadens to a valley with the family's fields and the homes of the ethnic Albanians with whom they had shared a simple rural life for as long as anyone can remember.

No one knows who settled in the village in northern Kosovo's mountains first: the large Smigic family, ethnic Serbs with eight houses, or the ethnic Albanians who have about 90 households. People throw up their hands at the question and say it was centuries ago.

"We could have lived together for a thousand years more, there were no problems between Albanian and Serb in our village," said Halim Dervishi, an elder of the local ethnic Albanians. "They took water from my well for their fields. We had the same life."

Despite the fondness with which the Smigic

family is remembered, its homes have been torched. What is left of Rade Smigic's home is the framing around the front windows, piles of ashes and the family photographs that someone has meticulously torn into pieces.

The only explanation from ethnic Albanian villagers is that the people who did it came from somewhere else.

After a wave of kidnappings and terror, which foreign diplomats and human rights workers say is part of the strategy of ethnic Albanian rebels, the Smigics and nearly every ethnic Serbian family that lived in areas controlled by the rebels have fled or disappeared. More than 80 Serb civilians are missing, and rights workers believe they have been killed.

Now, Serbs in urban areas speak of a spreading terror that is driving many of the relatively tiny number of Serbs in the province of Kosovo to leave. Government officials, facing an exodus where Serbs are an ever-smaller minority, acknowledge that they cannot stop the kidnappings and are suppressing information about how many Serbs are fleeing to avoid panic.

"The number of people who slip away daily is, who knows — dozens, more?" said an official, who asked not to be identified for fear of government retribution. "We are not tracking them because we don't want to have figures that are dangerous to have. But I believe that by now the official estimate that Serbs make up 10 percent of Kosovo is probably wrong by about half."

She added that she had sent her children to live with relatives in another part of Yugoslavia — now consisting of Serbia and Montenegro — to be sure that they would not be kidnapped.

The police in Pristina say they have no clues to the whereabouts of the missing.

By official estimates, there are about 200,000 Serbs living in Kosovo. Serbs, many of them brought in from outside Kosovo, control the government and security forces. Most ethnic Albanians, who make up almost all the rest of the population, want to form an independent nation.

Dotted around the territory dominated by ethnic Albanian rebels are dozens of villages and small towns where a few Serbs lived until the kidnappings started in April, weeks after a police crackdown on rebel forces swelled ethnic Albanians' support for armed revolt. According to witnesses, uniformed rebels began abducting Serbs on rural roads or from isolated farms.

That caused such alarm that most Serbs in rebel areas left, human rights workers say. Some elderly Serbs stayed because they thought that they would be safe. But gradually, even the elderly have been abducted or fled, according to the rights workers, who asked to remain anonymous out of fear of becoming targets for abduction themselves.

A rebel attack on the city of Oranovac in mid-July was accompanied by the abduction of more than 50 people, although 36 were subsequently released to the Red Cross. Two employees of a Serbian radio station are thought to have been kidnapped when they strayed into rebel territory two weeks ago.

In Leucina, all but the four eldest members of the Smigic family had fled by June. Dostana Smigic went back to persuade them to leave, but was abducted near the village and is still missing. Then men in rebel uniforms came for the four old people, according to Kristina Smigic, 70, who said she ran away just as the men arrived. Her three other relatives have disappeared.

Kristina Smigic and most of the rest of the family have now moved to Kragujevac, about 320 kilometers (200 miles) away in central Yugoslavia, where Rade Smigic, 38, blames the rebels, not the ethnic Albanians he grew up with.

"I love my village, and I like my Albanian neighbors," he said. "When they worked their fields, they would call us to help them, and when we worked our fields, they would help us. I wonder why the armed Albanians, the terrorists, wanted to stop that relationship."

Turkish Cypriot Suggests Loose Tie With Greeks

Reuters

NICOSIA — The Turkish Cypriot leader, Rauf Denktaş, called on Greek Cypriots on Monday to accept a loose confederation of two states on Cyprus, in a fresh bid to overcome the division of the Mediterranean island.

"We have come to a stage where we have to take a new step in the direction of a permanent settlement between two equal sides," he said at a news conference in the Turkish sector of the divided capital, Nicosia. "Our proposal is a confederation."

Greece rejected the proposal, saying that it would only entrench the island's occupation and division.

The proposal "essentially asks to make the division and occupation in Cyprus official," said a government spokesman, Dimitris Reppas. Mr. Reppas said the proposal went against UN resolutions on Cyprus, which have formed the basis of all international efforts to end its division.

The two rival communities on the island have held years of failed talks on creating a federation to reunite Cyprus, divided since Turkey invaded in 1974 in response to a Greek Cypriot coup backed by Athens.

But Mr. Denktaş said a looser confederation, with Turkey and Greece acting as security guarantors, would be a more realistic target after years of bitterness.

Mr. Denktaş, a veteran negotiator who has sparred inconclusively with the Greek Cypriot president, Glavkos Klerides, for decades, described the latest proposal as "a final effort to achieve a mutually acceptable lasting solution in Cyprus."

Most governments regard the Greek Cypriot administration led by Mr. Klerides as the only government on Cyprus. Mr. Denktaş's self-declared Turkish Cypriot state is recognized only by Turkey. The two are divided by a buffer zone patrolled by UN forces.

Mr. Denktaş said he was awaiting a response to his proposal from the Greek Cypriot side of Nicosia.

"I call on Klerides for the sake of our island and for peace and security in the region, to examine this proposal well and not to waste this historic opportunity," Mr. Denktaş said.

Tension on Cyprus has risen since the Cypriot government ordered Russian anti-aircraft missiles to be delivered. Turkey has threatened to use force to prevent their deployment.

The Cypriot government has also angered the European Union by its influence because Turkey, who fear a loss of the EU, while Greece is. The bloc has put Turkey's membership bid on indefinite hold.

GENE PLAINES,
NOT STATUS.

STAR ALLIANCE

The airline network for Earth.

INTERNATIONAL

Kabila Claims a Victory Over Rebels

He Declares Rebellion in West Over, but Uprising in East Goes On

KINSHASA, Congo — President Laurent Kabila proclaimed victory Monday against Rwandan-backed rebels on the western front and said that the focus of the monthlong war had shifted east.

Mr. Kabila, in remarks conveyed by his political chief of staff, Abdoulaye Yerodia, said that the eastern town of Kalemie on Lake Tanganyika was encircled by loyalist forces who were preparing to attack.

In the capital, Kinshasa, life started returning to normal. Soldiers lifted road blocks and checkpoints in the city center, after five days of skirmishing and of flushing out rebel infiltrators across the city.

Mr. Yerodia, describing Mr. Kabila's remarks as "Victory Communiqué No. 1," said that momentum was now with Mr. Kabila and his allies — Zaire, Angola, and Namibia.

"After the defeat of the aggressors on our western front, they face an imminent rout on the eastern front," he said.

"Our armed forces have dealt a decisive blow in Kinshasa," he said, adding that the local population had rallied to Mr. Kabila to hunt down rebel infiltrators and wage a people's war.

Mr. Kabila's whereabouts were not immediately clear.

The Angolan, Namibian and Zimbabwian intervention helped hold the line at Kinshasa and rout the rebels from much of Lower Congo Province. Sunday, in the recaptured Lower Congo port of Matadi, near the mouth of the Congo River, General de Matos met with Joseph Kabila, son of the president and a military commander, to celebrate their victory.

General de Matos said Angola was involved in the conflict to protect a "legitimate" leader, as well as to protect its own security interests. General de Matos would not say publicly that Angola's intervention was a response to the widely presumed involvement of the Angolan rebel movement, UNITA, or the National Union for the Total Independence of Angola, in the Congo war.

The fighting that broke out in Congo's southwest early this month was near the Angolan border, leading many observers to expect Angolan intervention. Indeed, General de Matos's troops were key to retaking Matadi as well as the nearby Inga hydroelectric dam.

With the port and the dam under their control, rebels virtually had strangled

Kinshasa's supply lines of imported food, gasoline and electricity, plunging some parts of the city into a desperate scramble for survival. Kinshasa has been in near-total blackout every night for more than two weeks, and the energy minister, Christian Eleko Botma, said that technical problems were hindering a restoration of power.

The rebels, who are based in Goma in the east, vow to continue fighting despite their western losses and say their retreat from Matadi was tactical.

The eastern territory they control, including the northeastern river city of Kisangani, Congo's third-largest, amounts to about a third of the country.

The stakes for Congo include the prospect of territorial partition and a continuation of the chaos that beset Congo during the 32 years it was ruled by the dictator Mobutu Sese Seko, whom Mr. Kabila overthrew last year.

That campaign, like the current one, was headed by Rwanda's Tutsi-dominated government and its Congolese Tutsi allies, who sought to protect themselves from the Hutu extremists who fought them from within Congolese territory.



As quiet returned to Kinshasa, traders in Brazzaville, capital of the Congo Republic, loaded rice on a ferry Monday for the trip across the river.

BRIEFLY

Sudanese Warned On Nile Flooding

KHARTOUM — Flooding of the Nile has reached a "dangerous level," the Sudanese undersecretary of irrigation, Ahmed Mohammed Adam, has warned, and dozens of villages have been imperiled.

The official called on inhabitants living along the Northern and Nile rivers north of Khartoum to take emergency precautions, including sandbags, the press reported.

Mr. Adam said the Nile had already risen higher than its level of 1988, the year Sudan saw the most disastrous flooding in 50 years, and was continuing to rise. (AFP)

Algiers Bomb Kills 17 in Open Market

ALGIERS — A powerful bomb exploded near a popular marketplace in Algiers on Monday, killing at least 17 people and injuring 60 others, authorities said.

The explosion occurred in a neighborhood considered a stronghold of Muslim fundamentalists.

Earlier Monday, the government said it would open offices nationwide to investigate the disappearance of Algerians during the country's six-year insurgency. (AP)

Panamanians Bar Consecutive Term

LIDICE, Panama — Voters have overwhelmingly rejected an attempt to allow Panamanian presidents to seek re-election, in a stunning defeat for the incumbent, Ernesto Perez Balladarez.

With 82 percent of the ballots counted, 62.5 percent of the voters were against lifting the constitutional prohibition on consecutive terms for presidents.

The vote was seen as a rejection of the free-market reforms of Mr. Perez Balladarez and his governing Revolutionary Democratic Party.

"I am satisfied to hear the voice of the people, and we have heard it clearly," the president said. "This has been a consolidation of democracy."

"This is a triumph for the Panamanian people," said Mireya Moscoso, an opponent. (LAT)

Bowing to Pressure, Arafat Allows Executions

By Serge Schmemmann
New York Times Service

GAZA CITY — A firing squad has carried out the first executions under Palestinian self-rule, shooting two brothers convicted of killing two brothers from another family.

Although the killings were essentially a fight between two families, the accused men were members of security organizations and had apparently used their official weapons in the shootings.

That roused a storm of protest throughout the Gaza Strip among Palestinians fed up with the members of security forces who strut around with pistols and Kalashnikov assault rifles, often firing in the air or using the weapons to threaten civilians.

Both victims were popular leaders in the Fatah movement of Yasser Arafat, the Palestinian leader, and members of a huge family, the Khalidis, further fanning the anger. Portraits of the victims, memorializing them as "faithful martyrs," were posted on walls.

Protests over the weekend had paralyzed Deir-al-Balah in central Gaza, home of the Khalidi brothers. Fatah called for a strike Monday throughout

Gaza if the killers were not executed.

Mr. Arafat, head of the Palestinian Authority, was faced with the prospect of a serious rebellion in his own movement, a rebellion against his security services and a potentially violent feud. He ordered a swift military trial and approved the executions Sunday of Raed and Mohammed Abu-Sultan. A third brother, Faris, was also sentenced to death. His sentence was commuted to life in prison, apparently to maintain the balance of two executions for two victims.

Two Palestinian human-rights groups, B'Tselem and the Palestinian Human Rights Monitoring Group, issued news releases that condemned the executions and called for the abolition of capital punishment by the Palestinian Authority.

Nabil Abu Zaid, a Fatah official from Deir-al-Balah who witnessed the trial and executions, said 120 people gathered in the police headquarters here to see the executions. They included authority officials, elected members of the Palestinian Legislative Council, Fatah officials and relatives of the slain brothers.

The condemned men were taken out

shackled, handcuffed and blindfolded and were granted their last wish for a drink of water before reciting final Muslim prayers, Mr. Abu Zaid said. Ten masked uniformed police officers lined up, five for each condemned man, and shot them at 2:45 P.M. Witnesses shouted, "God is great!" and, "Long live justice!"

Hours later in the Fatah headquarters in Deir-al-Balah, Mr. Abu Zaid sat surrounded by friends and colleagues, all in a state of excitement and shock over the chain of events.

"The Palestinian people are in general fed up with all these people carrying guns," he said. "We want to stop this. At weddings, at wakes, they always pull out their guns and shoot in the air, they threaten people. And now they shoot our best Fatah activists."

The notion that the summary trial and quick execution violated legal norms and civil rights was beyond the concern of the men. To them the Palestinian Authority had exercised justice that would have otherwise been left in the hands of the Khalidi clan.

"Will there be more executions?" a middle-aged man asked. "This is up to President Arafat."

The others gave consenting nods.

"We don't want more executions," the man said. "We want to give the lesson to stop the killings and the easy use of arms."

As night fell, relatives of the slain Khalidi brothers, Mohammed, 30, and Majidi, 32, gathered at a dusty lot to receive condolences. The older brother of the slain men, Bassam Khalidi, said he had issued strict instructions to his relatives, including 2,000 young Khalidi males, that there was to be no more bloodshed.

A senior official of the UN office in Gaza and fluent in English, Mr. Khalidi said he and his slain brothers were not even part of the two families' dispute and had gone only to talk with cousins who said they had been threatened in a quarrel over a woman. After the brothers had spent time with the cousins, he said, the Abu Sultan brothers appeared and started firing on them.

More than 20 Palestinians have been sentenced to death by the Palestinian Authority in the four years since it first took power in the Gaza Strip and West Bank.

Mr. Arafat has not allowed any other executions to proceed.

TAIWAN: President Shows Defiant Mood Toward China's Policy

Continued from Page 1

monwealth — we don't know," Mr. Lee said during the two-hour interview. "It's too early to say."

Although he said that Taiwan was prepared to consider reunification if China became free and democratic, he made it clear that he thought this would take decades.

"Think how difficult that would be," he said, adding, "It would be like a miracle happening."

Pressed on the point, Mr. Lee said that it might be possible for China to become democratic in 20 years or more.

Mr. Lee repeatedly complained about Taiwan's isolation in the world and said he had been searching for ways to make a breakthrough.

But he gave no hint of any particular steps he had in mind, although he made it clear he was not thinking about concessions to the mainland.

Some scholars, including Joseph Nye Jr., a former assistant secretary of defense and now dean of the Kennedy

School of Government at Harvard University, have proposed package deals intended to reduce the risk of a war in the Taiwan Strait.

The deals usually include a promise by China not to use armed force, in exchange for a pledge by Taiwan that it will not declare independence or that it will eventually reunify with the rest of China.

Asked why Taiwan is so reluctant to become "engaged" with the mainland, when it claims to intend to get "married," Mr. Lee said that Taiwanese were afraid of losing their freedom.

"We prefer the status quo," he said. "We prefer to stay single. Why get engaged if engagement is equivalent to becoming a local government and making ourselves slaves?"

Some foreign and local scholars have said that the broader problem is simply that Taiwan is a democracy now, and ordinary Taiwanese have become increasingly alienated from the mainland, with no intention of ever tying the knot.

In the latest government-sponsored poll, only 18 percent of people on Taiwan say they want to reunify with the mainland, even in the long run.

In another sign of Taiwan's drift away from China, a growing number of Taiwanese say in polls that they see themselves as "Taiwan people" rather than "Chinese people."

Asked how he saw himself, President Lee did not hesitate.

"I'm a Taiwanese person first and a Chinese person second," Mr. Lee said. "All of us came a long time ago from mainland China, and we spend our lives here. So we love this place. But of course, we are all Chinese as well."

Later, after aides expressed concern at how that comment might be interpreted, Mr. Lee returned to the room and added by way of explanation:

"I am Taiwanese and I am Chinese."

Mr. Lee repeatedly emphasized his view that Taiwan had no need to declare independence because it is already an independent, sovereign country, formally known as the Republic of China.

Some Americans in Congress and elsewhere have criticized President Clinton for declaring a "three no's policy" about Taiwan during his visit to China: no support for Taiwan independence, no support for two Chinas or "one China, one Taiwan," and no support for membership for Taiwan in international organizations that require statehood.

But Mr. Lee did not seem particularly bothered by the "three no's" and he said he believed United States assurances that its policy had not changed.

The "three no's" policy itself had not hurt Taiwan, Mr. Lee said, although he added that China has been using it to try to get other countries to issue similar statements.

In particular, China has been pressing Japan to issue its own three no's statement, although Tokyo has so far resisted.

Despite the American and Chinese assertions of "one China" policies, Mr. Lee and other Taiwan officials offered a very different vision: They acknowledged that there is a single China as a cultural and historic zone, just as there is one Europe, but they say that this historic China is now divided.

"China is a divided country," Mr. Lee said. "Don't forget that fact."

Although he spoke of unification, Mr. Lee also emphasized that Taiwan would choose its own future.

"Taiwan's destiny isn't China's to decide," he said. "It's for the 21 million people on Taiwan to decide their destiny."

Taiwan and China are expected to resume a high-level dialogue this fall between representatives of each side, but nobody here seems optimistic that the talks will achieve any kind of breakthrough.

President Lee reiterated his willingness to go to Beijing on a "mission of peace," but it is clear that Beijing will never accept his conditions.

CHEMICALS: Broad Tests for Side Effects

Continued from Page 1

fects, low sperm counts, breast cancer, menstrual impairment and other ailments.

How serious this problem is and what should be done about it are among the most hotly disputed environmental issues, and the plan does not address what steps might eventually have to be taken to restrict the use of chemicals that are found to be harmful. This is a question with great economic and environmental implications.

Even though the scientific knowledge is still evolving, the advisory committee found, there is "appropriate widespread agreement" that a screening and testing program is needed.

"Increased screening is a first line of defense and a significant first step in limiting exposure to potentially dangerous substances," said Carol Browner, administrator of the federal agency. Groups representing chemical and pesticide companies have also backed the plan.

Many kinds of commercial chemicals, commonly found in industrial wastes, solvents, cleansers, pesticides, food additives, plastics, cosmetics, nutritional supplements, petroleum by-products and elsewhere throughout the environment would be scrutinized, at costs that some experts suggested could exceed \$100 million.

"The committee has given us a very aggressive approach, which is to start with a focus on the 15,000 chemicals that are produced in amounts of 10,000 that are produced in amounts of 10,000 that are produced in amounts of 10,000 that are produced in amounts of 10,000," said Lynn Goldman, the agency's assistant administrator for pesticides and toxic substances, who headed the committee.

"I was very happy about where it went," said Mrs. Goldman, who is a toxicologist and pediatrician. "They created a way for us to take a huge step

forward. The amount of knowledge that is going to be generated to better protect the public and the environment is considerable."

Two years ago, Congress ordered the agency to develop ways of screening pesticide residues in food and contaminants in drinking water to see whether any of them are dangerous endocrine disruptors.

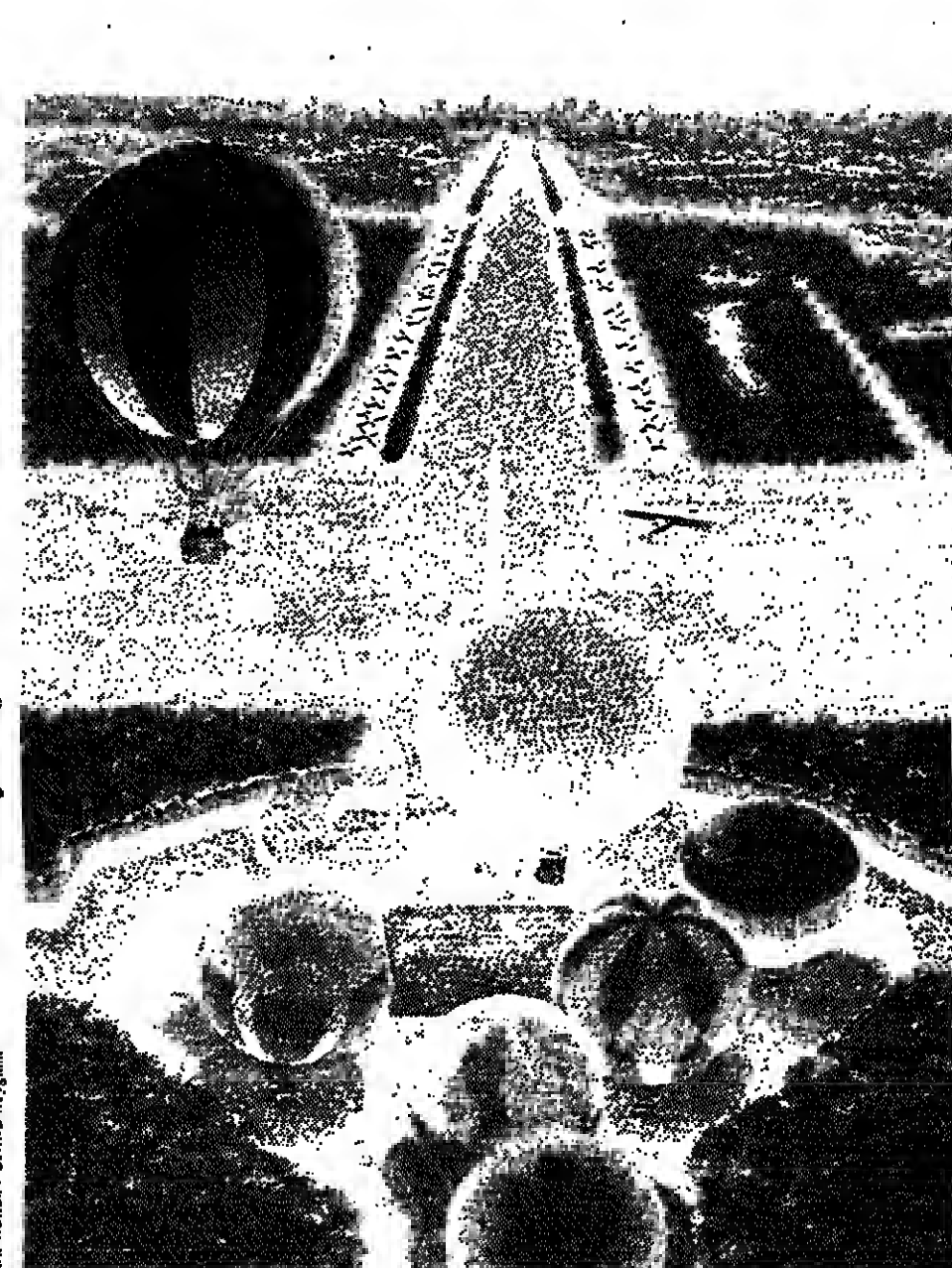
The agency put together the advisory committee, which has just completed a report that goes well beyond food and water quality to recommend what officials are calling the most sweeping program of toxicological screening and testing ever undertaken.

The project, if implemented as planned, would examine whether individual chemicals or their mixtures, including some naturally occurring compounds, affect either people or wildlife by acting on three primary endocrine systems, those governing estrogen, androgen and thyroid hormones. In the endocrine systems of nearly all animals, glands located throughout the body synthesize hormones and secrete them into the bloodstream. Receptors in the cells of various organs and tissues respond to these chemical messages to regulate sexual development, reproduction, metabolism, the brain and central nervous system, and other bodily functions.

The proposal is so ambitious that it would be impractical to subject every chemical to its full battery of tests. So the committee is recommending a system of triage to sort the estimated 87,000 chemicals that are in use.

Some of them, like polymers with molecules too large to cross cell membranes, are unlikely to pose endocrine problems and have been excluded. Of more than 62,000 chemicals that remain, the 15,000 produced in large quantities, plus all pesticides, would be the first to be screened.

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EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

A Choice for Pakistan

India always wanted a nuclear bomb, for strategic and nationalistic considerations, and by testing and going public in May it finally ensured that it would have one. Pakistan was always ambivalent about the political as well as the economic costs, and went unclear only reluctantly after India set the pace. In the differences between the nuclear attitudes of the two South Asian countries lies the possibility of limiting some part of the damage done by their successive tests of last spring.

Pakistan has its own grounds to consider reversing course, accepting the test-ban and nonproliferation treaties and softening its insistence on becoming a full-fledged nuclear power.

A far-fetched idea? In the first flush of its fear and its nationalism last May, Pakistan could not countenance nuclear reversal, but it has had a bitter heap of reasons to reconsider. The two countries' tests led as expected to international economic sanctions. India can, with an effort, afford them, but Pakistan cannot. The country's economy is collapsing. The political leadership is failing. The government might yet sign the test ban treaty.

But meanwhile, because of Islamist reaction to American missile attacks in

Afghanistan and Sudan, public opinion is rising against anything that looks like collusion with the United States. Signing the test ban has become even harder. So has accepting the tough austerity and reforms that would be the price of essential major international loans.

This is the unforgiving context in which Pakistan must accept an issue, and address, whether it is to its national advantage to continue down the nuclear road. A pause in moving from test to weapon would open up chances for renewed economic support from foreign friends now constrained by Pakistan's nuclear lunge.

Some argue that it should reverse course and take and exploit the moral high ground. That alone would not satisfy Pakistan's legitimate concern for its security, particularly in respect to its large and powerful rival, now nuclear India. But a turn off the nuclear road would give Pakistan a strong claim on the strategic patronage of all the nuclear powers, including the United States and including as well, and in time, India itself. Exploration of this idea would tax Pakistan's current leadership. Its merits may become more appealing as Pakistan's woes increase.

—THE WASHINGTON POST.

Stop Training Goons

For decades, Congress has tried to ensure that U.S. military aid and training does not go to foreign soldiers who use it to kill and torture their own people. But a 1991 law allowed training by special forces units free of many congressional restrictions. As a result, such trainers have been in more than 100 countries and have worked with some of the world's most abusive and brutal militaries.

In some cases, their training works at cross-purposes with U.S. foreign policy. An amendment to the defense appropriations bill that will face House and Senate conferees as Congress comes back would close this training loophole. But the Pentagon wants to stop pursuing close relations with militaries that repress their own people.

The bill, which is sponsored by Senator Patrick Leahy, would block U.S. special forces from training foreign units if the State Department had credible information that a member of the unit had committed a gross violation of human rights. An exception could be made if steps were taken to prevent further abuses. The Pentagon, stung by scandals over training of repressive troops, does not oppose the legislation.

The 1991 law did not put limits on special forces training ostensibly because it was for the benefit of U.S. soldiers. In a nifty bit of circular reasoning, the Pentagon says special forces learn how to carry out one of their most important jobs — training.

In 1992, Congress banned Indonesian military officers from receiving training. Yet a notorious unit linked to massacres of civilians and countless other abuses was a prime recipient of

special forces training until this year. Skills taught to the unit, known as Kopassus, included psychological operations and lethal tactics like sniping.

The Washington Post reported in July that special forces are working with every Latin American military, including those with records of human rights violations, and with no requirement to screen out abusive trainees. U.S. special forces train Colombian army officials in counterterrorism and intelligence gathering — even though Congress voted to limit regular training to counterterrorism. In Turkey, where units fighting Kurdish guerrillas have a history of killing civilians, Americans have trained anti-guerrilla forces.

Such training is often at odds with U.S. policy goals. While U.S. foreign policy tries to strengthen democracy, the special forces training, coupled with a decline in civilian foreign aid, means that foreign contacts are now more often military-to-military. Although trainers might theoretically serve as role models demonstrating respect for civilian control and human rights, the main message they convey is that those being trained have the extra powers that come from being special friends of the United States.

A Defense Department spokesman said that the most valuable aspect of training is to "know the faces and personalities who grow up to be generals and presidents." This has long been the Pentagon's justification for befriending even the most abusive of officers. It was understandable, although still wrong, during the Cold War. There is no justification for it now.

—THE NEW YORK TIMES.

Hope for Nigeria

Only five months ago, President Bill Clinton was traveling in Africa, hailing the continent's "renaissance" and praising its new breed of leaders. Since then, two of the new leaders singled out for praise — in Ethiopia and Eritrea — have gone to war against each other, and the United States has expressed "deep concern" about Ethiopia's unwarranted expulsion of thousands of ethnic Eritreans.

Two other U.S.-favored "new leaders," in Uganda and Rwanda, apparently are supporting an uprising against yet a fifth "new leader," Congo's Laurent Kabila, whom they themselves helped install little more than a year ago. Mr. Kabila is conducting ethnic witch-hunts of his own as his nation stands in danger of being pulled to pieces.

So it is worth pointing out that at least a hint of good news is coming from Africa's most populous, and one of its most important, countries, Nigeria. For decades, Nigeria has been as good a symbol as any of the continent's squandered potential. Rich in oil and in human resources, it has been misruled by military dictators as incompetent as they have been corrupt. Regional and tribal tensions, environmental despoliation, horrendous human rights abuses — you name the affliction, Nigeria has been there.

So when the nation's latest military ruler promised a return to democratic, civilian rule, skepticism was more than warranted — and skepticism remains in order. Yet in just two months in office, General Abdulsalam Abubakar seems serious about returning his fellow generals to their barracks and allowing Nigeria's people to elect a civilian government.

He took over in June, when Nigeria's latest tyrant died in office. The new leader promised elections by next spring. He since has repealed bans against independent political parties and some labor unions, freed many political prisoners, appointed an independent election commission under the leadership of a respected chairman, and named a largely civilian cabinet. Nigerian politics have moved from the street and the jail cell to conference rooms and convention halls.

Activists are right to remind us that many political prisoners have yet to be freed. Many generals, comfortable at Nigeria's oil trough, may yet try to sabotage the transition. Nigeria's degraded economy and its ethnic tensions still present minefields.

But General Abubakar has given almost everyone reason for cautious hope, and the West should support the process he has begun.

—THE WASHINGTON POST.

New Thinking Can Prevent a Great Depression

By Paul Krugman

CAMBRIDGE, Massachusetts — Could the current craziness in world financial markets translate into a global slump, maybe even a new Great Depression? Of course it could. The story might go something like this.

Over the next few weeks, investors, made jittery by the debacle in Russia, stage runs on the currencies of Third World countries. Governments of these countries respond by raising interest rates to 30, 50, 70 percent — stabilizing their currencies but pushing their corporations into bankruptcy, provoking devastating bank runs and plunging their economies into deep recession.

Meanwhile, Japanese lawmakers are unable to agree on a plan to rescue a dysfunctional banking system. The result is a sharp drop in the yen, but the central bank, declaring that a strong yen is essential, defends the currency with higher interest rates, which sends Japanese industry into a tailspin.

The direct effects of these developments on America and the European Union are relatively small. But the dismal news undermines the euphoria that had driven Western stock prices to hard-to-justify heights. As stocks fall, so does the consumer spending that had offset the drag from Asia's collapse.

Despite all this, the Federal Reserve and the Bundesbank are reluctant to cut

interest rates. The Fed believes that the stock crash validates its warnings that the market was driven by "irrational exuberance," and — like the Bank of Japan in the early 1990s — welcomes the bursting of the financial bubble.

The Bundesbank, which will hand over the monetary reins to the European Central Bank in a few months, wants its successor to understand the importance of sound money and stable prices, and is unwilling to blur that message with hasty reflationary moves.

Within a year or two, of course, it becomes clear that everyone has been far too cautious, and many countries start trying to boost spending any way they can. But it is too late. Self-fulfilling pessimism has become deeply embedded in the private sector.

I hope you don't regard this scenario as a literal prediction of what is going to happen. For one thing, real crises never play out according to the expected script. Anyway, this scenario is not all that persuasive. It requires not only that world financial markets be governed by Murphy's Law — that everything which could go wrong does — but also that all of the major policymakers play right into Murphy's hands.

The odds are that at least a few things will go right: that Japan will pass a halfway decent bank reform law, that the markets will take a deep breath and realize that Brazil and Russia are, after all, rather different places.

Even if financial markets do continue to tumble, Alan Greenspan and his counterparts in other countries have the tools they need to prevent paper losses from turning into a slump in real output. Mr. Greenspan turned a stock market crash into a real economy nonevent in 1987. He can do it again.

But will he? That is where I start to worry. The real risk to the world economy comes not from bad fundamentals but from rigid ideologies — ideologies that might make policymakers fail to respond, or even move the wrong way, if a global slump starts to develop.

One of those ideologies is the belief that a strong currency means a strong economy, that stable prices ensure prosperity. Notice that my scenario had the Bank of Japan raising interest rates in a recession in order to defend the yen, and the Bundesbank refusing to cut rates because it doesn't want to encourage laxity in its successor.

Both actions would be deeply foolish. Alas, given the strong-yen rhetoric of Japan and the stable-price rhetoric of Germany, both are quite plausible.

In his classic book "Golden Fetters," Barry Eichengreen, an economist at the University of California at Berkeley, showed that the spread of the Great Depression was, more than anything else, caused by the dogged determination of many nations to remain on the gold standard at all costs. Nobody is on the gold standard these days, but the urge to defend monetary purity, never mind the real economy, remains.

The other ideology might be summarized as harming the victim. One hears about Asia that it shouldn't try a quick recovery through monetary and fiscal expansion, because that would delay the correction of deeper structural problems. It is easy to imagine that effective action against a slump might come too late because the slump's initial stages are regarded not as just punishment for economic sins, but as a global slump is quite an easy thing to prevent. The only way it can happen is if the people who have the power to prevent it fail to take the risk of such a slump seriously, and continue to cling to ideologies inherited from a more benign era.

The writer is an economics professor at the Massachusetts Institute of Technology. He contributed this comment to The New York Times.

As the Yeltsin Era Ends, Russia Will Go Its Own Way

By Max Jakobson

HELSINKI — Amid all the speculation and rumor, one thing is certain: The Yeltsin era is coming to an end, and not with a bang but with a whimper. President Boris Yeltsin will be allowed to complete his term of office if he agrees to constitutional changes that reduce him to a figurehead.

This will be an unfamiliar role for the man who seven years ago faced down Soviet tanks and went on to push out Mikhail Gorbachev, bringing down the Soviet Union.

As recently as last March, Mr. Yeltsin was very much in charge. By dismissing his prime minister, Viktor Chernomyrdin, and replacing him with the unknown Sergei Kiriyenko, he seemed to pave the way to a third term as president.

But now he is a sick man — a

pawn in the contest for the succession. His backers had to consider the possibility that he might have to step down before the end of his term. In that case, the prime minister automatically becomes acting president. Young Mr. Kiriyenko could not have figured that role. A more robust figure was needed, so Mr. Chernomyrdin had to be brought back into office.

This did not solve the succession problem. If the president were to resign, new elections would have to be held. In the present chaotic conditions, an election might produce a result undesirable to the entire Russian establishment. So a compromise had to be worked out. Mr. Yeltsin will stay on, but power will pass to the prime minister.

Mr. Chernomyrdin has to make a deal with the Communist-dominated majority in the Duma on the composition of his government and on policy. Inevitably this will mean a shift away from market reform to more government controls.

No doubt Mr. Chernomyrdin will claim that reforms will be continued, although at a slower rate. He desperately needs Western support.

As a person, he enjoys a degree of confidence in Washington and in the European Union, but his credibility as a reform leader is bound to be weak.

After the shocks of recent weeks, private money will shun Russia for a long time. Governments will have a hard task persuading public opinion that

more money has to be spent to support the post-Yeltsin Russian regime.

Significantly, aid to Russia has already become an issue in the German election campaign, as Chancellor Helmut Kohl is criticized for wasting taxpayers' money propping up his good friend Boris.

Altogether, a reappraisal of Western policy on Russia is bound to begin. Ever since the fall of the Soviet Union, this has been essentially an ideological project. The goal has been to convert Russia into a Western-type democracy and market economy. Mr. Yeltsin has been seen as the personification of the new Russia. He has been supported through thick and thin.

The dark side of the Yeltsin era — falling production, crime and corruption, growing in-

equalities, neglect of social welfare and the environment — has been glossed over as growing pains that will be put right in due course.

Now it is no longer possible to cling to the illusion that Russia could adopt the Western system off the peg, like acquiring a ready-made suit which, with minor adjustments, can be made to fit a new customer.

Cooperation with Russia must continue. It will always be an important part of Western policy. It will have to include support for realistic measures designed to rescue Russia from the catastrophe it now faces.

But we should no longer judge Russia by its progress, or lack of it, toward a Western model. Russia will go its own way, as it has for centuries.

International Herald Tribune.

Disintegrating Russia Is a Nightmare Trove of Loose Nukes

By Graham Allison

CAMBRIDGE, Massachusetts — Russia is not Indonesia. As an economic crisis accelerates the disintegration of authority in Russia, history has left a superpower arsenal.

Start with 7,000 nuclear warheads: armed, mounted on missiles, capable of arriving at targets in America less than an hour after a decision to launch. Add 5,000 tactical nuclear weapons, many without any locking devices to prevent their use. Recognize that many of these are at bases where a colonel with the cooperation of two lieutenants could privatize a dozen warheads, take them to world markets and monetize their value.

Add 12,000 nuclear weapons

in various storage facilities of Russia, protected by guards whose salaries have been delayed for months.

Consider about 70,000 nuclear-warhead equivalents in stockpiles of highly enriched uranium and plutonium. One unit to Osama bin Laden's terrorists would provide the critical ingredient for a crude nuclear device. Compound this with biological weapon materials, chemical weapons and thousands of ICBMs and know-how for producing more missiles without limit.

In sum, the overriding reason why Russia's economic melt-

down matters is that it magnifies the threat of "loose nukes" — the threat of one or a dozen weapons, sale to a rogue state or terrorist group, use of these weapons to threaten or attack Americans at home and abroad.

Because such a threat has no precedent in the Cold War, U.S. policymakers have put it in the "too hard" box.

How important is this threat relative to others? Take North Korea, where the United States brokered a \$4 billion inducement to freeze a nuclear program that would have produced enough plutonium for six weapons per year.

Ask why the U.S. and Israeli governments have given top priority in security discussions with Russia to stopping Russian companies from providing marginal assistance to Iranian efforts to develop its own missile program. Now, imagine a Russian government so enfeebled or corrupt that a defense enterprise, or criminals within it, could sell Iran operational missiles.

This threat has been recognized. Through the Nunn-Lugar program, the United States has devoted about \$400 million annually to it. That is one-sixth of 1 percent of the U.S. defense budget. In effect, this posture amounts to waiting for a nuclear wake-up call.

What is to be done? President Bill Clinton visits Moscow this week. He should recognize that, however desirable free markets and democracy are, the path from totalitarianism is long and arduous.

Much has been accomplished, principally in destroying the prison that communism built for 70 years. But the strategy for jumping from a Soviet economy to free markets proved too ambitious. It was unable to withstand a 50 percent fall in oil prices and turbulence from Asia on top of the Yeltsin government's incompetence.

Mr. Clinton should focus on what matters most to U.S. interests: securing control of nuclear and other weapons of mass destruction. Specifically, concentrate weapons and materials, at the fewest possible sites; construct control systems at these sites including electronic monitoring; provide steady pay for facilities guards; deploy international guards on a second perimeter outside the fenced area protecting Russian facilities.

These steps should come first in U.S. policy. Before democratization, before marketization, before any other objective, America needs to do everything we can to secure loose nukes now, before Russia's economic meltdown becomes America's nuclear nightmare.

The writer, director of Harvard's Belfer Center for Science and International Affairs, was U.S. assistant secretary of defense in 1993 and 1994. He contributed this comment to The Washington Post.

Strong Talk About Kosovo Was Just Talk

By Fred Hiatt

WASHINGTON — A decade that opened with unspeakable crimes against humanity in the former Yugoslavia is, almost unbelievably, ending in the same way. Once again Slobodan Milosevic is systematically destroying a peaceable society as Bill Clinton and the United States stand aside, acquiescent if not complicitous.

"But the main thing is that I am determined to do all I can to stop a repeat of the human carnage in Bosnia and the ethnic cleansing," President Clinton said in June. "And I have authorized, and am supporting, an accelerated planning process for NATO."

Since then, as U.S. satellites watched faithfully from space, Milosevic troops have destroyed some 20,000 houses in Kosovo. At least 400,000 people — one-fifth of Kosovo's prewar population — have been rendered homeless. Old people, children, women, men — as winter approaches in the Balkans, all now face the prospect of exposure, starvation, typhus, cholera, tuberculosis, polio. And the offensive continues.

The troops have developed a predictable method of operation, as one uprooted resident told Washington Post correspondent R. Jeffrey Smith. "It takes three days to destroy a village," the victim explained. "The first day, they shell a village so civilians leave. The second day, they surround a village with tanks and then they rob houses. The third day, they burn the houses..."

Before pulling out, the troops also kill the cows and burn the crops, ensuring that the Kosovars will be unable to feed themselves.

"We are not going to stand by and watch the Serbian authorities do in Kosovo what they can no longer get away

with doing in Bosnia," Secretary of State Madeleine Albright said in March.

In fact, there are differences. The concentration camps, the mass rapes and the killings are not being repeated, at least not on the same scale. But the extent of killing is difficult to measure, the mass graves are difficult to locate, because this time Serbian troops have worked harder to keep reporters, diplomats and human rights monitors away.

They also are explicitly barring humanitarian workers, a difference that prompts John Fox, a former State Department official who now heads the Open Society Institute office in Washington, to call this crisis worse from the point of view of human suffering. "At least in Bosnia we were feeding the victims. As repugnant as that policy was, it was better than this. We never had 300,000 people wandering lost in the woods."

Last week Serbian troops murdered three aid workers for the Mother Teresa relief organization who were riding on tractors towing food to displaced people. The three were killed "in an open field at mid-afternoon in the village of Vaski Drenovac." The New York Times reported, just after they had passed through a Serbian checkpoint.

Aid workers in Kosovo said the murders were simply part of a larger campaign to make sure that no food reaches the civilian population. A State Department official "deplored" the attack.

"It is important... to end this scandal of the bombing and shelling of innocent people," Defense Secretary William Cohen said in June. "We will work to achieve it at every level — diplomatic, economic and,

hopefully, not military, but we're not ruling it out, either."

In 1989, Mr. Milosevic imposed a kind of apartheid, with the one-ten Serbian minority playing the dominant role that whites once played in South Africa. Kosovar Albanians responded by creating their own unofficial government, unofficial schools, unofficial hospitals. But they received no U.S. support for this remarkable experiment in nonviolence, and now most residents seem to support armed resistance.

The United States does not support Serbian aggression, but it also does not support Kosovar independence. So its policy, through the spring and summer, has consisted of a combination of bluster and importuning.

In June, NATO conducted an exercise in Albania, called Operation Determined Falcon, intended to show its resolve. A week later, Mrs. Albright sent emissaries to Mr. Milosevic "to deliver a strong message that violence is not acceptable," as she said. "He has to pull back his forces."

But when Mr. Milosevic accelerated his offensive in late July, the West was understanding. "Every nation has the right to control its highways," one senior U.S. official observed. From "demanding" a pull-back of Serbian troops, the Clinton administration retreated to "demanding" access for humanitarian workers — and taking no action when that demand, too, was ignored.

Time after time, the U.S. government sent emissaries to Mr. Milosevic to request his help, as if he were a trustworthy partner, and time after time he promised: The offensive is over. Aid workers may go in. Civilians won't be targeted. Al-

most comically, the Americans welcomed these promises.

"Milosevic has gone beyond the limits of tolerable behavior," NATO Secretary-General Javier Solana said in June.

Among the few spots in the world that Mr. Clinton can still claim as foreign policy successes are Bosnia, to which the Dayton accords brought a belated peace, and Central Europe, where NATO is now expanding. But if Mr. Milosevic can destroy Kosovo as he ruined Bosnia, the Dayton accords stand much less of a chance. And if NATO has failed yet again to stop ethnic cleansing on its doorstep, who cares how many new countries join the alliance?

International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Dreyfus Dossier

PARIS — The developments of the Dreyfus affair did not end with the arrest of Colonel Henry. That officer committed suicide. Since his entry into office, M. Godefroy Cavaignac, Minister of War, resolved once for all to settle the Dreyfus affair. In these conditions every document of the dossier was subjected to a most careful examination. This examination showed that every document was authentic except one. The Minister declared that not only was the document [which established the guilt of Captain Dreyfus] a forgery, but that Colonel Henry had committed it.

1923: Mussolini's Test

LONDON — Signor Mussolini by his attitude toward Greece has precipitated a situation which has become very ugly. It was thought that the Fascist

Premier's sabre-rattling was

prompted by a desire to strengthen the position of his regime at home. If the sabre-rattling is more than stage play then the League of Nations may be put to a supreme test. In the face of the world opinion it is considered incredible that Signor Mussolini should resort to armed measures against Greece to secure redress for the murder of the Italian mission on the Greco-Albanian frontier.

1948: Zhdanov Dies

LONDON — Colonel General Andrei Zhdanov, secretary of the Central Committee of the Communist party of the Soviet Union, died. General Zhdanov was a high-ranking member of the ruling Politburo and at times has been mentioned as a possible successor to Premier Stalin. As a lieutenant general of the Soviet Army, he directed the defense of Leningrad during the war.

Herald Tribune

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OPINION/LETTERS

Lashing Out With Missiles Is No Way to Combat Terrorism

By Raymond Close

WASHINGTON — My first job for the CIA's clandestine services 46 years ago was to organize a network of informants in the squalid Palestinian refugee camps of southern Lebanon — some barely a stone's throw from where my grandfather and great-grandfather established American mission schools more than a hundred years ago. The camps and the squalor are still there, no longer breeding grounds of communism but of the threat called terrorism.

Most people accept the premise that terrorism is a phenomenon that can be defeated only by better ideas, by persuasion and, most importantly, by amelioration of the conditions that inspire it.

Terrorism's best asset, in the final analysis, is the fire in the bellies of its young men, and that fire cannot be extinguished by Tomahawk missiles. If intelligent Americans can accept that premise as a reasonable basis for dealing with this nemesis, why is it so difficult for America's leaders to speak and act accordingly?

After the Aug. 20 military strikes in Sudan and Afghanistan, U.S. officials justified their action by citing Osama bin Laden's "declaration of war" on everything American. But to launch missiles into countries with which America is technically at peace, and to kill and injure their citizens, is to declare that the United States is free to make its own rules for dealing with this international problem.

What standing will America have in the future to complain about any other country that attacks the territory of its neighbor, citing as justification the need to protect itself from terrorism? Did those who authorized these attacks think through the long-term implications of this shortsighted and dangerous precedent?

The new threat is often stateless, without sovereign territory or official sponsorship. Friendly governments around the

world — especially those with large Muslim populations such as India, Pakistan, Egypt, Turkey, Jordan, Indonesia, Malaysia, the Gulf states and the new republics of Central Asia — share a need for internal and regional stability. Terrorism is a weapon that threatens all civil authority.

This set of circumstances provides an unprecedented incentive for intergovernmental cooperation, even among states that may differ on other basic issues. But the fight against a silent and hidden common enemy requires infinite patience and tact on the part of law enforcement agencies and intelligence services. It demands absolute secrecy, mutual trust and professional respect.

If the United States loses its cool without warning, if it is seen by others as a loose cannon that resorts to sudden violent action on a massive scale, the critically needed cooperation will not be there.

My hunch is that the next time Washington calls for help (from Pakistan, for instance, whose very competent police work was evidently vital to the investigation of the Nairobi and Dar es Salaam bombings), the officials of that country's intelligence service who are responsible for discreet liaison with the Central Intelligence Agency or the Federal Bureau of Investigation will be conveniently "out to lunch."

My former colleagues at the CIA, and the experienced professionals at the FBI, must be worried about this. They live on shared confidence. They know how hard it is to develop trust and how quickly it can evaporate.

In declaring a full-scale war on terrorism, the Clinton administration seems tempted to emulate Israel's failed example. This is understandable, but wrong. Israel's situation

is totally different from America's in every imaginable way. The state of Israel has been committed for 50 years to a policy of massive and ruthless retaliation — deliberately disproportional. "Ten eyes for an eye," the Israelis like to say. And still their policy fails, because they have not recognized what the thoughtful ones among them know to be true: that terrorism will thrive as long as the Palestinians are obsessed with the injustice of their lot and consumed with despair.

Wise and experienced Israeli intelligence officials have conceded to me that the brilliantly "successful" assassination of a Palestinian terrorist leader in Gaza a couple of years ago led directly to the series of suicide bombings that helped bring Benjamin Netanyahu to power — and may thereby have set back Israel's chances for peace for many years to come.

Even those who approve in theory of using military retaliation as a weapon against terrorism would agree, I think, that launching missiles at distant targets as ill-defined as "the infrastructure of terrorism" is neither an effective military strategy nor a credible deterrent against future criminal acts. This will be even more true when the adversary is armed some day with cheap, do-it-yourself weapons of mass destruction.

Over several years, the United States has tried to control Iraq's behavior by launching similar kinds of standoff strikes against Iraq. Very recently, American policymakers concluded that this was not working. It was costing a small fortune, severely weakening the overall combat readiness of the U.S. armed forces, straining relations with allies, abetting the interests of antagonists and economic competitors, and probably only strengthening the grip that Saddam Hussein holds on his suffering people. So when the Iraqi leader again defied the United Nations inspection regime a few weeks ago, we Americans mumbled some weak excuses and pretended we had not noticed.

Now, by launching attacks against suspected terrorist targets in Afghanistan and Sudan and threatening more violent retaliation in the event of further incidents, we have started down that same dead-end road.

The various militant Islamist movements around the world share a common ideology and many of the same grievances, but they are not a monolithic international organization. The recent U.S. attacks, unfortunately, may have inflamed their common zeal and hastened their unification and centralization — while probably adding hosts of new volunteers to their ranks.

The worst nightmare of strategic military and security planners is that a small and weak enemy could hold America hostage by possessing a weapon of monstrous power, yet so insignificant in size and appearance that it cannot be located. The missile strikes sent the message again, loudly and clearly, to all who would count themselves as America's enemies: Accelerate your efforts to acquire new and deadly high-technology weapons, and manufacture and store those weapons in hard shelters in the midst of your civilian population.

Meanwhile, the bombing portrayed as necessary to forestall additional terrorist acts has produced a level of public alarm in Washington that is precisely what the terrorists hoped to inspire. If terrorists have any outstanding quality besides vengefulness and cunning, it is patience. They may strike back next week, next month or next year. The image of four-star American generals emptying their pockets of coins and keys before passing through the metal detectors at the Pentagon is starkly symbolic of the futility of retaliatory violence.

What worries me most is that the attacks on the targets in Afghanistan and Sudan were reminiscent of what we Americans call "vigilante justice." This kind of policy weakens America's leadership position in the world and undermines the most effective defenses it will have against the terrorist threat: a commitment to the rule of law, dedication to fairness and evenhandedness in settling international disputes, and a reputation as the most humanitarian nation in the world.

The writer, who served in the CIA from 1951 to 1977, is a business consultant who travels frequently to the Middle East. He contributed this comment to *The Washington Post*.



about Iran in the years that led up to the anti-American explosion in that country. No one in the Clinton administration seems capable of grasping that a policy that catastrophically failed in Iran is not an intelligent policy to apply in Saudi Arabia.

The second reason for the Islamic hatred of the United States is, of course, the Clinton administration's abandonment of this year of the Israeli-Palestinian peace process, walking away from the promise Mr. Clinton made in 1993, on the White House lawn, to guarantee an equitable settlement for the Palestinians.

After the embassy bombings in Nairobi and Dar es Salaam, a self-proclaimed "Islamic Army for the Liberation of Muslim Holy Places" — presumably the organization financed or directed by Osama bin Laden — sent a communiqué to Radio France International taking responsibility for the attacks.

The Lebanese daily *As Safir* has published an analysis of this communiqué, noting that it differed in major respects from the usual terrorist rhetoric. It was written in concise, structured, educated Arabic, without the usual slogans.

Its theological orientation (as, according to the newspaper, is that of the religious leaders and scholars to whom the communiqué referred, including Mr. bin Laden himself, as well as figures in Pakistan, Afghanistan, Indonesia, India, and Bangladesh) was not fundamentalist in the extremist sense usually understood in the West, although it was strictly orthodox.

The "nation," the communiqué said, had to be defended, but this was not Saudi Arabia, Palestine, or the "Arab nation," but the "nation" of all Muslims. The communiqué called the African bombings

International Herald Tribune.
Los Angeles Times Syndicate.

At Last, in the Fields, A Marker of the West

By Verlyn Klinkenborg

NEW YORK — For the past few years I have driven west every summer, and every summer the question returns: Where does the West begin? There are plenty of commonsense answers, the kind that break the country

MEANWHILE

up into regions as neatly defined as the pieces in a child's wooden puzzle.

If it were just a matter of political boundaries, I would not look for the West before the Colorado border. And if it were just a matter of mood, the West would begin in upstate New York on the day I walk the horses into the horse trailer, check the running lights one more time and pull away into the fog of dawn.

The mind travels so much faster than a pickup truck carrying two humans and two dogs, hauling two horses and their gear in a gooseneck trailer. The first day we come to the farms and factories southwest of Toledo, Ohio.

There, rural roads dwindle to a single paved lane, and cars, meeting each other, drive half on a gravel track and half on the asphalt. A dank, sulfurous glow hangs over the truck stops and drive-ins near the Maumee River and the town of Napoleon. The question of where the West begins is mooted for the moment. It is just another way of asking, When will we get there?

But by early afternoon the next day — western Illinois, eastern Iowa — I get momentary glimpses of a setting that carries me westward a thousand miles at once. It is usually a pasture, rare enough in an empire of soybeans and corn, threaded by a creek. Cattle wander among the trees, one or two of the trunks rubbed bare, bone-white.

The scene flashes across

my eyes, conjuring a similar place along Wyoming's Tongue River or Crazy Woman Creek. Then the corridor of corn resumes, row after row flickering past in the wet August light.

When the polite undulations of Iowa are past and we start the slow westward uptilt of Nebraska, the search for the West begins in earnest. Is it a cove of cottonwoods in a creek bottom? The first herd of horses where the colors of roan and dun predominate?

I am always surprised, driving across Nebraska, that no one thinks to mark the hundredth meridian, somewhere between Cozad and Gothenburg, a well-

The mind travels so much faster than a pickup truck.

known line of demarcation between the humid East and the semiarid West. But in Nebraska they irrigate the cornfields, so the difference, in vegetation at least, is diminished.

But beyond North Platte, Nebraska, nearing Ogallala, the West begins to preponderate, to win out over the Midwest. The mileages signs give distances to Cheyenne and Denver instead of Chicago and Des Moines.

The low hills in the distance begin to be ridged with pines, and the farms begin to look like ranches. Yet something is still missing, some iconic marker, Sagebrush would do or a small wilderness of yucca or prickly pear.

And there, in the fields ahead, is the answer. Now I remember, for the answer is the same every year, on this highway at least. The West begins where the hay is put up in stacks.

The New York Times.

The U.S. Talk of 'War' Can Only Fuel Hatred

By William Pfaff

PARIS — Going to war against Islam is not a good idea. The president of the United States and his Department of State insist that the attacks on targets in Afghanistan and Sudan — two of the poorest countries in the world — had nothing to do with Islam. It does little good for them to say that if the people concerned think otherwise.

Those people have plausible reasons for what they think, as the man Washington

An anti-American revolution in Saudi Arabia would be a disaster for moderation in the Middle East.

holds responsible for the Aug. 7 bombings in Africa, Osama bin Laden, has insisted.

The Saudi Arabian monarchy has the responsibility, in the eyes of Muslims, of protecting the two principal holy places of the Islamic religion, Mecca and Medina. Mr. bin Laden says that the United States profanes those holy places through its military presence in Saudi Arabia.

The two bombings in

Africa occurred eight years to the day after U.S. troops arrived in Saudi Arabia, following the Iraqi invasion of Kuwait. King Fahd of Saudi Arabia allowed them into his country on condition that they would be withdrawn once the Gulf War was over.

The United States has not kept that promise. It now is installed in Saudi Arabia in a very big way. It not only maintains military installations there but has American officials at work inside the ministries of defense and interior — exactly the situation that existed in Iran before the revolution that overthrew the shah and expelled the United States.

King Fahd, who now is very ill, accepts this because he fears both Iraq and the Islamic opposition groups inside his country. He believes America can protect him. His brother and presumed successor, Prince Abdullah, is reported to be critical of the American presence, as are other important personalities in Saudi Arabia.

Washington has convinced itself that it must have military control of the Saudi Arabian and Gulf oil fields. It also is convinced that it knows better than the Saudi monarchy how that country should be governed, and "reformed" after the king dies.

This was exactly what the U.S. government thought

LETTER TO THE EDITOR

A Vacuum in Russia

Russia's crisis is more than one of bank solvency, the ruble exchange rate or paying foreign holders of recent debt. What the preachers of "reform," from Jeffrey Sachs to the International Monetary Fund, have seemed unable to grasp is that a liberal economy cannot operate in a legal and moral vacuum.

Clearly, this involves basics such as tax law and banking and securities-market regulation. But above all, what is needed is a recognition by bankers and entrepreneurs that profits must feed the real economy and not prey on it and that the real measure of an economy is how well it en-

ures full employment of a country's human and material resources.

As for policy, needed steps include nationalization of the banks, since the state needs to bail them out anyway; revival of purchasing power through the payment of up to a year's back salary or pension, contingent on filling out a tax return for the previous year, and strict controls on prices, trade and foreign exchange.

This would admittedly be a "statist" approach, but Russia is not lacking in people with the skills and motivation to administer it. Western experience shows that such measures need not be permanent.

REYNOLD RIEMER, Paris.

CROSSWORD

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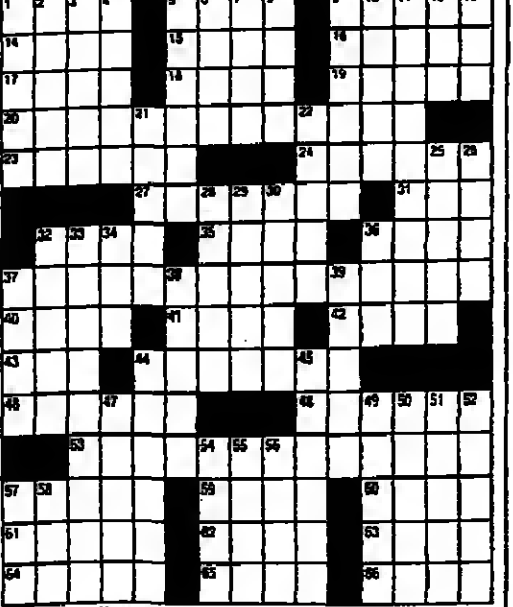
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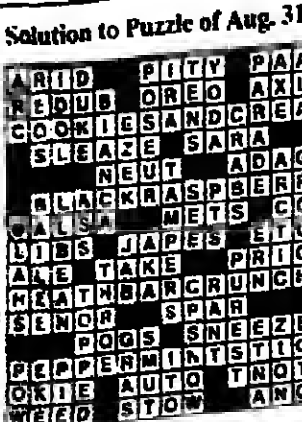
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Madonna's henna painted hands started a Hollywood trend. Etro's patchwork haute Bohemian coat, Marni's hippie de luxe panne velvet dress, coat and furry boots. Jemima Khan, right, wearing Voyage's signature decorative cardigan and richly flowered dress.



Voyage to Indian Summer of Exotic and Romantic Clothes

By Suzy Menkes
International Herald Tribune

LONDON — Ah! For mellow, mellifluous days steeped in rich fall colors before the fog-gray of winter sets in. After a rotten summer in Northern Europe, a scorcher in half the Western Hemisphere, not to mention hurricane Bonnie and Chinese floods, what the world needs now is the sweet respite of an Indian summer.

Fashion is the harbinger of that hope. Even if the stores are already filled

with the long-felted gray skirts and roll-necked cashmere sweaters that are the fashionable winter uniform, there is a late harvest of colorful, intriguing, whimsical clothes that bridge the summer and winter seasons. Think of the first jacket to cover bare brown arms as a child-sized cardigan, braided in velvet, with a silken lining and trims of tiny rosebuds; or of the summer dress morphed into a slither of tie-dyed velvet; or coats in a patchwork of fabrics; of embroidered vintage-style purses with a dangling fringe of fake fur.

Tie-dye? Patchwork? Vintage?

Surely not that hippie stuff again, rekked from Indian markets or through Afghan passes to urban boutiques reeking of joss sticks? Even if there is a whiff of India in the piquant colors and intricate workmanship, this is elegant, sophisticated, upscale fashion. To call it "haute bohemian," "hippie de luxe" or "ethnic chic" misses the point. This is fashion expressing the ultimate modern luxury: clothes given originality and individuality because they are touched by human hands.

Some of the Indian-summer looks are

designer fashions made in rich fabrics: collections like Etro of Milan, whose magical paisley patterns and dense floral prints in burnished colors are linked to India, while the clothes are given a funky downtown look. Or there is the Italian fur house Marni, where Consuelo Castiglioni offers coats tufted with fur or with Mongolian lamb collars; panne velvet skirts and dresses in Rajasthani colors — all showa with hairy moon boots.

decurent to the bare, spare 1990s. This fall, Voyage is spreading its butterfly wings. In October it opens a new London shop in Westbourne Grove, near Portobello market, at which a lower-priced or secondary Voyage line will debut. In November, a first international flagship store will open on Hollywood Road, Hong Kong. These are precursors of a New York store, envisaged for 1999.

Evangelista, Kate Moss et al. Down the block on Fulham Road at Voyage's men's store, Ringo Starr might be buying his umpteenth pair of velvet drawstring pants, ordering a custom-made shirt or choosing a cigar, gift-wrapped with a finger ring. "It's the new couture — beautiful fabrics and workmanship, but soft, not stiff like couture," says Mazilli, whose son Rocky and daughter Tatum work alongside their parents.

The secret of Voyage is simple to grasp but difficult to replicate: a sense of traditional luxury given a modern spin by making sumptuous fabrics into simple clothes. That means those famous Voyage cardigans, each one slightly and subtly different, in potpourri colors trimmed with spicy shades of velvet or Chinese braids; slips of dresses in wispy wool-lace with dainty embroideries; velvet coats in Renaissance colors like cardinal red shading to claret. And all this shown in an ambience that reflects the northern and southern characters of the founders: linear light-beams and geometric patterns contrasting with baroque fabrics and voluptuous Belle Epoque murals bought from the Paris Lido.

In brief: These are clothes for people with a passion for fashion in a world governed by a more frigid style.

BOOKS

KAATERSKILL FALLS

By Allegra Goodman. 324 pages. \$33.95. The Dial Press.

Reviewed by Michiko Kakutani

THE opening sections of Allegra Goodman's eloquent first novel, "Kaaterskill Falls," suggest a Shakespearean comedy of manners: There are allusions to "A Midsummer Night's Dream," and hints that the novel's backdrop — a bucolic New York village in the Catskills — is one of those magical green places where confusions can be resolved and transformations effected. The reader expects that the novel's two mismatched couples — Elizabeth and Isaac Shulman and Andras and Nina Melish — will somehow sort out their marital problems during their summer in Kaaterskill, and that their summer neighbors, too, will somehow resolve their dilemmas during their vacation in this upstate Eden.

Although the novel does not disappoint such expectations, its outcome is a far cry indeed from Shakespeare's romantic rondolets. Goodman's visitors to Kaaterskill are followers of a strict Orthodox rabbi called Rav Elijah Kirshner. Adultery and divorce are unthinkable, and their lives are ordered by dozens of rituals and rules, regulating everything from what they may wear to what sort of ovens they can use to cook for the holy days.

Goodman does a marvelously sym-

pathetic job of conjuring up the circumscribed world of the rabbi's followers, conveying the frustrations and rewards of their intensely religious life. She shows us just how interconnected her characters are, and how momentous the most seemingly ordinary events can be in their hermetic world.

As in Goodman's two accomplished collections of short stories ("Total Immersion" and "The Family Markowitz"), the tension between tradition and change, familial responsibility and personal autonomy, continuity and flux provides the motor for her narrative. In fact, her main characters divide into pairs of traditionalists and rebels, ideologues and iconoclasts.

Isaac Shulman accepts the strict demands of his faith with unquestioning ardor, while his wife, Elizabeth, yearns for contact with, if not immersion in, the outside world. Nina Melish, who has come late to religious tradition, has grown increasingly dogmatic, even as her husband Andras, who lost most of his family in the Holocaust, has grown increasingly skeptical about God.

Rav Kirshner's sons, too, represent two poles: Jeremy, a professor at Queens College, has embraced the intellectual passion of his father, while repudiating his religious dogma; his younger brother, Isaac, has become his father's cautious, self-conscious heir-apparent, a dutiful but rigid rabbi who insists upon the letter, not the spirit, of the law.

Although these neat pairings of di-

chotomous characters might sound a bit schematic, Goodman writes with such supple understanding of her people that the reader quickly forgets the superstructure of her novel to become absorbed in the small, daily dramas of their lives. As a result, the reader comes to understand the frustrations, fears and hopes of each character, even ones like Rachel, Isaac's bullying wife, who might ordinarily emerge as simple villains or clowns.

At the same time, Goodman demonstrates, as she did in "The Family Markowitz," her grasp of familial dynamics, the ways in which dreams and emotional habits are handed down and translated generation to generation.

The one weakness in this novel stems from Goodman's efforts to personify that outside world in several year-round residents of Kaaterskill Falls: a local real-estate baron named Michael King, who is trying to buy up land around the town; King's onetime lover, Candy Walker, a born-again Christian who has had a child out of wedlock, and Una Darmstadt-Cooper, an eccentric hermit who lives in the woods. These subsidiary characters are only sketchily defined.

In the end, however, these people are only minor distractions, easily overlooked and easily eclipsed by the humanity of Goodman's central characters. Indeed, "Kaaterskill Falls" ratifies the achievement of the author's short stories, even as it announces the debut of a gifted novelist.

New York Times Service

CHESS

By Robert Byrne

JUDIT POLGAR of Hungary has become the first woman ever to finish first in a United States Open. Polgar, at 22 the highest-ranked woman in the world, and Boris Gelfand, a Fair Lawn, New Jersey, grandmaster and former United States Invitational champion, each scored 8-1 to share a victory over some 300 entrants.

To achieve her share of the victory, Polgar had to foil many of her opponents

who would have been honored to get a draw with her. In some cases, she had to grind them down in lengthy endings; in others she set sneaky snares.

Her most typical performance was her game against the Georgian grandmaster Georgy Kacheishvili. Polgar won with a decisive attack produced by a fascinating queen sacrifice, the most daring tactical stroke in chess.

In the Classical Variation of the King's Indian Defense, 7...Nc6 is a 10-year-old move that lacks the central challenge of 7...Nc5, but in the event of 8 d5 it is well-positioned to delay c5. Unlike 7...Nbd7, it does not block the black queen bishop.

After 11 f3, it would be wrong to play 11...Nk2 because 12 Kh2 Qh4 13 Kg1 Bd4 14 Qd4 Qe1 15 Bh6 Ne6 16 Qf6 Qa1 17 Nd5 Re8 18 Ne7 permits no defense against 19 Ne6.

Polgar had to get some open lines for counterattack with 15...f5 or suffer a permanently passive position. That's the kind of dare she never declines.

After 19...Bd7, there was no immediate chance for Kacheishvili to attack on the queenside, so he tried to prevent the black pieces from sauntering into his king position by the forcing 20 f4.

But the aggressive Polgar soon let loose with the speculative pawn sacrifice 23...Ne5! 24 Ne7 Ne4 25 Be4 Re1 26 Re4 f6.

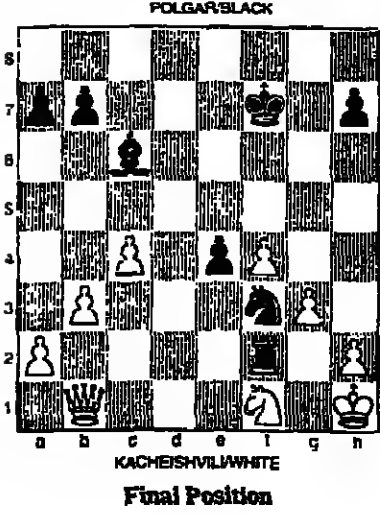
On 27...Ne5!?, the penalty for 28 f6? would have been 28...Qf3 29 Qg2 Qd1.

Kacheishvili tried to kill off Polgar's threats with 31 Nf6 Q7 32 Rd6, but Polgar set up a queen sacrifice with 32...Qe7 33 Qd1 Rg6! 34 Qa1 Qd6 35 Ne8 Kg8 36 Nd6 Rd6, gaining a powerful attack with her rook and bishop.

Kacheishvili played 40 Qb1 but gave up without going further. He had no defense against 40...Nc1! 41 Qe1 c5 42 Kg1 Rg2 43 Kh1 Rg3 mate. If 41 Kg1, then 41...Rg2 42 Kh1 Rb2! 43 Qb2 c3 44 Kg1 Nf3 45 Kh1 Ng5 46 Qg2 c2. If 41 Ne3, then Re2 42 Nd5.

KING'S INDIAN DEFENSE

White	Black	White	Black
Kach'vili	J. Polgar	Kach'vili	J. Polgar
1 d4	Nf6	22 g3	Qh5
2 c4	g6	23 Bg2	Nc5
3 Nc3	Bg7	24 Ne7	Ne4
4 e4	0-0	25 Be4	Re4
5 Bc2	0-0	26 Bc2	Re4
6 Nf3	e5	27 Nd5	Ne5
7 0-0	Na6	28 Bd4	Nf3
8 Re1	ed	29 Qe2	Bc6
9 Nd4	Re8	30 Bg7	Rg7
10 Bf1	Ng4	31 Nf6	Qf7
11 f3	Ne5	32 Rd6	Qe7
12 Bg3	Ne5	33 Qd1	Rg6
13 Qd2	Ne6	34 Qa1	Qd6
14 Ne2	Qb4	35 Ne8	Ke8
15 Rad1	25	36 Nd6	Rd6
16 e5	g5	37 Ne3	Rd2
17 Bg3	Kh8	38 Nf1	Rf2
18 Nd5	Rg6	39 Qd1	Kf7
19 Kh1	Ne5	40 Qb1	and
20 f4	Ng4		Resigns
21 Bg1	Ra8		



Final Position

Jemima Khan: Shining Through

By Suzy Menkes
International Herald Tribune

LONDON — When Jemima Goldsmith married Imran Khan, a former international cricketer turned Pakistani politician, she expected to turn her back on fashion.

The sassy clothes she had worn in Western society as the daughter of the financier Sir James Goldsmith had to be doffed for covered-up styles appropriate to Pakistan.

But now the name "Jemima Khan" is appearing as a fashion label in London stores. Inspired by the exceptional handiwork she found in Lahore, Khan has produced a fashion collection based on intricately embroidered tone-on-tone "shadow work" pieces that are traditionally done by Pakistani women at home, using Islamic motifs stamped with a henna block and worked from the inside.

"They are the ones who are the artists and have an incredible eye," Khan says. "I don't think that I would appreciate work done by hand if I hadn't lived in Pakistan."

Khan says she worried that people in the West wouldn't understand the subtlety of the decoration and might be wary of embroidery that was not 100 percent symmetrical. She understood the innate luxury of the one-off, one-of-a-kind pieces only when she saw Pakistanis paying a premium for them.

So she set up a fashion company as a charitable organization with all profits going to the Imran Khan Cancer Appeal. The cause was supported by her close friend, Diana, Princess of Wales, who, like Khan, adopted the traditional shalwar-kameez and headscarf when she visited Lahore.

Although she was photographed in traditional clothes



Khan and her son, Sulaiman, pictured in Tatler, wearing pieces from her collection.

for a spread in Tatler magazine, her fashions — which sell like hotcakes at London's A la Mode boutique — are simple modern pieces: slip dresses, ballerina tops, shirts or long skirts. Josephine Turner, co-di-

rector of the boutique, says that the Khan collection flew out of the door even before its designer was given publicity, because it typifies what is selling in the penultimate fashion season before the new millennium.

"People are looking for mixes of textures, for simple clothes enriched by hand embroidery and for quality," Turner says. "This is very much about wanted pieces, a feeling for things that are different."

كندا من الأصل

Chipping Away at Intel

Alliance With Microsoft Comes Under Strain

By John Markoff
New York Times Service

PALO ALTO, California — Everywhere around Silicon Valley these days, there seem to be signs that the so-called alliance between Microsoft Windows and the Intel chip, the so-called Wintel duopoly, may be unraveling.

For almost two decades, the fortunes of Intel Corp. and of Microsoft Corp. have been inextricably bound as the two companies have come to dominate the hardware and software hemispheres of the personal computer world.

But recent disclosures from documents obtained by the Justice Department and the states as part of their investigation into Microsoft's business practices show the deep frustration felt by Intel executives in the face of pressure applied by the Microsoft chairman, Bill Gates.

Yet, it is changes in computer technology and the explosive market growth of new consumer electronics products that may be working to drive an even deeper wedge between the two companies. And if the two partners do become estranged, it may be Intel that feels more pain.

Two other chipmakers, Advanced Micro Devices Inc. and National Semiconductor Corp., have already been giving Intel fits in the growing market for microprocessors for personal computers that sell for less than \$1,000.

And increasingly, the computer industry's growth is shifting more rapidly than had been expected toward consumer electronics devices like cellular telephones and hand-held personal digital assistants, markets in which neither Microsoft nor Intel wields much influence.

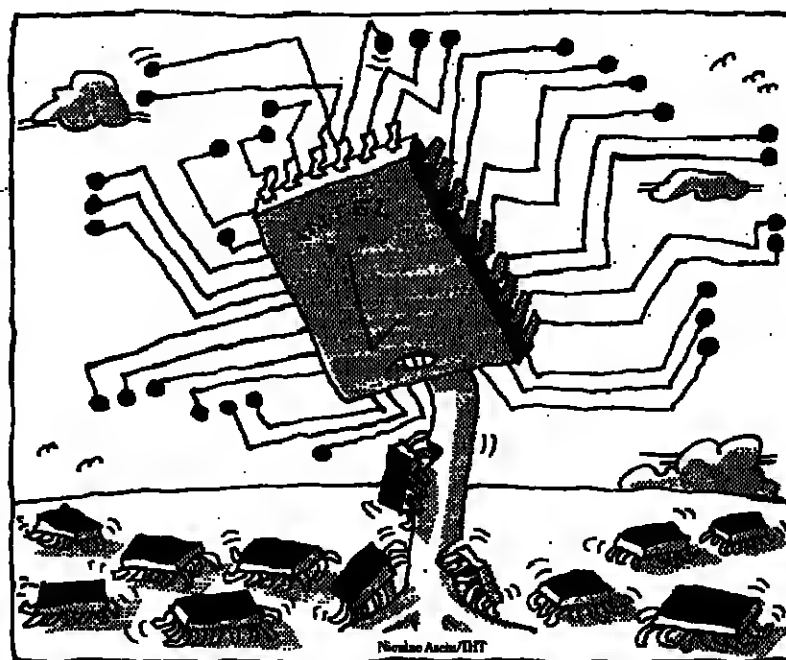
In fact, Microsoft's interest in cracking the consumer electronics market is adding to the strains in the Wintel alliance, as the software maker quietly but actively courts would-be competitors of Intel.

In July, Microsoft signed a deal with a Japanese electronics giant, Matsushita Electric Industrial Co., to use Microsoft's Windows CE as the software for a multimedia microprocessor chip that Matsushita is preparing for consumer audio and video products like television set-top boxes.

Moreover, the Silicon Valley grapevine is full of chatter about Transmeta Corp., a secretive Santa Clara start-up company that is financed in part by a Microsoft co-founder and board member, Paul Allen.

Transmeta officials declined to comment, but one conjecture is that the company is planning a new processor chip that would capitalize on software like Microsoft's Windows CE or Sun Microsystems Inc.'s Java for use in new generations of hand-held computers and phones.

The twin threat of Matsushita and Transmeta seems representative of a



rapidly eroding influence for Intel, the world's largest semiconductor manufacturer.

"What happens is that termites nibble away at the roots of giant trees, and suddenly they fall over," said Richard Doherty, president of Envisioning, a computer-industry consulting firm in Seaford, New York. "This is a termite-level pinprick move against Intel."

It is not as if Intel has been standing still. The company has chosen to replace its aging X86 microprocessor architecture, the 286, 386, 486 and Pentium series of chips that have been the company's cash cow for more than 15 years,

with a new family of microprocessors that would be restricted to the very high end of the computer industry's price range, where PC chip competitors may be unwilling or unable to follow.

The potential flaw in that strategy is that, increasingly, the industry's newest technologies and market opportunities are occurring among lower-priced devices in which Intel has traditionally had little to offer.

As a result, some analysts see a chance of Intel eventually finding itself stranded at the upper end of the computer market while the industry heads in other directions.

Hong Kong Retreats

And Hang Seng Slides

Government Slows Buying; S&P Cuts Ratings

By Philip Segal
International Herald Tribune

HONG KONG — Stocks plunged Monday after a battered Hong Kong government stood down from its two-week, \$12.5 billion intervention in the market and switched its attention to supporting the Hong Kong dollar in the currency markets, traders said.

The benchmark Hang Seng index fell by 7.1 percent, its largest percentage decline since January. It closed down 554.70 points, at 7,275.04. The Hang Seng is now just over 8 percent higher than where it was when the government decided to intervene in mid-August, a process that has turned it into the largest shareholder in Hong Kong.

Standard & Poor's Corp. on Monday cut Hong Kong's credit ratings, citing the stock-market intervention as one reason. AFX News reported, S&P downgraded both the long- and short-term, foreign currency sovereign credit ratings.

S&P said the downgrades reflected a decline in Hong Kong's financial flexibility "due to the growing domestic impact of East Asia's recession, which likely will persist through 1999, as well as the large official purchases in the local equity and futures markets."

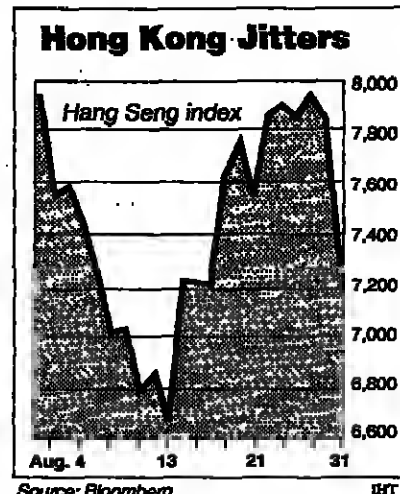
S&P lowered the foreign currency sovereign credit rating to AA-1 from A+/A-1+. S&P also cut Hong Kong's long- and short-term local currency ratings to A/A-1 from AA-/A-1+.

The almost complete absence of government buying of stock Monday came after a \$7 billion buying spree Friday failed to raise share prices.

Donald Tsang, the Hong Kong financial secretary, who was flanked by other senior government officials when the stock intervention policy was announced in August, was left Friday to defend possible further interventions in the stock market on his own.

"Friday was the Battle of the Somme, which they lost," said the head of sales at a European brokerage. "The big guns have been silenced now."

The government has been battling to preserve the Hong Kong dollar's link to the U.S. dollar at 7.8 to 1. Authorities have accused speculators of driving down stock prices by using the futures market, and have accused them of using



their profits to bet against the currency. By propping up stock prices, the government had hoped to drive speculators away, but Joseph Yam, head of the Hong Kong Monetary Authority, told the South China Morning Post over the weekend that the government had been forced to buy significantly more stock than it had planned.

Intervention in the stock market has now cost the government some 13 percent of its foreign exchange reserves, which are critical for maintaining confidence in the fixed exchange rate.

On Saturday, Mr. Tsang promised that the government would hold on to the shares it bought for the long term, and the government has discussed the idea of new laws aimed at restricting short selling of stocks, a strategy in which traders sell borrowed stock with the intention of buying it back more cheaply. The Hong Kong Futures Exchange has also made it more expensive to speculate in Hang Seng index futures.

The government bought small amounts of stock Monday, a sales executive at a U.S. brokerage said. But the emphasis shifted to the currency markets, where, in a less visible intervention, the government has also been spending huge amounts to defend the Hong Kong dollar, he said.

See DROP, Page 15

Are All Those Bears Murmuring 'Recession'?

By Edward Wyatt
New York Times Service

NEW YORK — The sharp sell-off in stocks has led a growing number of people on Wall Street to wonder whether the stock market, often a leading economic indicator, may be forecasting a recession in the United States.

The stock market is down nearly 14 percent in the last six weeks, with more than a third of those losses coming in the last week.

The stock market has not experienced such a prolonged downturn since 1990 — when the United States slipped into a recession.

So far, few economists believe the end of the nation's seven-year economic boom is near. Like most of the investment strategists on Wall Street, they think that even if stock prices had risen too high, jobs are plentiful and housing is booming. And there are no indications of inflation that might cause the Federal Reserve Board to raise interest rates, the typical precursor to an economic slump.

Even though corporate profits are slowing because of the economic difficulties in Asia, Russia and elsewhere,

there are few signs yet that this weakness is widespread enough to cause the total U.S. economic output to begin to shrink.

But if the drop in stock prices continues, it could shake the confidence of the many American consumers who accumulated considerable paper wealth in the 1990s bull market.

If these consumers begin to cut back their spending, that might be enough to further weaken corporate profits, sending the economy into at least a stall, if not a downturn.

And beneath the surface of the booming American economy is a disparity that financial analysts say cannot last.

"Americans recently have been spending faster than their incomes have been rising," said Greg Smith, the chief investment strategist at Prudential Securities. "Could their spending be even stronger next year? I don't think so."

In recognition of that fact, Mr. Smith said, the stock market is anticipating "a profits recession, if not an economic recession."

Still, many economic experts say the market's decline has not yet been severe enough to change investors' psychology. "The average investor doesn't be-

lieve he will be impacted by this," recent decline in stock prices, said John Cleland, the chief investment strategist for the Security Benefit Group, a mutual fund company in Topeka, Kansas.

"The enormous wealth that has been created over the last three years means that most people are playing with the house's money," he continued. For their outlook to change, investors will have to get a sense that the money they are losing is their own.

Albert Wajnsztein, an economist at the Clipper Group, a Wall Street investment firm, agrees. "If the stock market does not fall much from where it is now, I think all this will have zero effect on people's spending habits," he said.

Yet some investors already appear to be pulling back from the stock market, perhaps in recognition that more of Americans' total wealth is tied up in stocks today than at any time since the end of World War II. Individuals have rushed to buy more stocks after every significant market decline since 1990. But in recent weeks, as many of the mutual fund investments have begun to show losses for the year so far, investors have been funneling more cash into the

safer havens of money market funds.

Some of that reaction can be traced to the general feeling of uncertainty about the future that has grown in recent months, as economic troubles overseas have worsened.

"It isn't that the stock market is predicting a recession," Peter Bernstein, a New York economist and consultant, said. "What's happening is much more complicated than that. There is a sense that people really don't understand what makes the world work, and they don't know what to do about it. Two months ago, people understood how the world worked, and in case anything happened, Alan Greenspan was there to make everything come out right."

Malaysia to Consider 'Drastic' Measures

Compiled by Our Staff From Dispatches

KUALA LUMPUR — Prime Minister Mahathir Mohamad will convene a special cabinet meeting Tuesday to discuss "drastic" measures to revive Malaysia's crisis-hit economy, officials said Monday.

The meeting comes after a rocky week in which the Southeast Asian nation officially fell into recession and its two top bankers resigned. A source close to the cabinet said Mr. Mahathir considered the economic problems "very serious."

Although cabinet sources would not indicate what would be on the agenda, it is likely that ministers will discuss the resignations last week of Ahmad Mahamad Don, the governor of the central bank, and his deputy, Fong Weng Phak.

Mr. Mahathir has admitted that there was a rift over monetary policy between the central bank and the government.

Mr. Mahathir and Daim Zaiduddin, the special economics minister, have been pushing for lower interest rates as part of an initiative to lift the sagging economy, which contracted 6.8 percent

in the second quarter.

Mr. Ahmad and Mr. Fong were uncomfortable with that strategy and preferred to quit Bank Negara, sources close to the central bank have said.

Sources dismissed rumors that Kuala Lumpur was considering capital controls to try to restrict money leaving the country. "It has nothing to do with capital control," a source said.

But economists say such action may be the only way to protect the faltering ringgit if interest rates are cut further. The currency has lost 40 percent of its value over the past 14 months.

A source said the two main issues confronting the economy were the unstable exchange rate and speculators. "The drastic measures should not be viewed negatively," the source said. "It may facilitate foreign investors."

Mr. Mahathir has promised "shocking" measures to help revive the economy, and there has been widespread speculation that foreign-exchange controls may be implemented.

On Monday, the Kuala Lumpur Stock Exchange said it would ban trading in the country's stocks overseas beginning

Tuesday, which will effectively end trading of Malaysian shares in Singapore.

"We want to bring all off-market transactions into the exchange," said Azlan Hashim, chairman of the Kuala Lumpur Stock Exchange.

The government said the rules aimed to increase financial transparency and protect investors. But they appear to target the trading of Malaysian companies on a Singapore exchange called Clob International. Malaysia has been seeking since July to end what it calls the growing influence of Singapore's over-the-counter market on Malaysian shares.

The key stock index in Malaysia has plummeted 53 percent in dollar terms this year.

It was not immediately clear if Kuala Lumpur could force a halt in the trading of Malaysian stocks on Clob. Most of the stocks trading on the exchange are Malaysian. Kuala Lumpur contends that speculative buying and selling of its stocks in Singapore is influencing domestic markets.

(AFP, AP, Reuters, Bloomberg)

CURRENCY & INTEREST RATES

Cross Rates											Libid-Libor Rates											Aug. 31	
	\$	£	DM	FF	Yen	Sc	Sw	DK	Other														
Australia	1.52	0.75	1.75	0.28	0.11	0.01	0.01	0.01	0.01	1-month	Dollar	D-Mark	Franc	Swiss	Shilling	French	Yen	ECU					
Canada	0.70	0.45	1.05	0.18	0.07	0.00	0.00	0.00	0.00	3-month	50-50	30-70	10-10	70-70	70-70	20-30	10-10	40-40	40-40				
France	6.55	3.36	1.36	0.19	0.08	0.00	0.00	0.00	0.00	6-month	50-50	30-70	10-10	70-70	70-70	20-30	10-10	40-40	40-40				
Germany	1.93	0.98	0.78	0.12	0.05	0.00	0.00	0.00	0.00	1-year	50-50	30-70	10-10	70-70	70-70	20-30	10-10	40-40	40-40				
Italy	1.36	0.69	0.54	0.08	0.03	0.00	0.00	0.00	0.00	1-year	50-50	30-70	10-10	70-70	70-70	20-30	10-10	40-40	40-40				
Japan	106.40	53.75	41.93	16.75	6.75	0.27	0.11	0.04	0.01														
Netherlands	2.20	1.12	0.88	0.14	0.06	0.00	0.00	0.00	0.00														
Spain	166.36	83.18	64.93	25.93	10.37	0.41	0.16	0.06	0.02														
Sweden	8.46	4.23	3.26	0.41	0.16	0.00	0.00	0.00	0.00														
Switzerland	1.48	0.74	0.58	0.09	0.04	0.00	0.00	0.00	0.00														
Taiwan	20.36	10.18	7.83	3.13	1.25	0.05	0.02	0.01	0.00														
UK	0.69	0.35	0.27	0.04	0.01	0.00	0.00	0.00	0.00														
US Dollar	1.00	0.69	0.50	0.19	0.08	0.00	0.00	0.00	0.00														
Roths applicable to interbank deposits of \$1 million minimums (or equivalent).																							
Key Money Rates											Aug. 31												
Australia	1.52	0.75	1.75	0.28	0.11	0.01	0.01	0.01	0.01	1-month	Dollar	D-Mark	Franc	Swiss	Shilling	French	Yen	ECU					
Canada	0.70	0.45	1.05	0.18	0.07	0.00	0.00	0.00	0.00	3-month	50-50	30-70	10-10	70-70	70-70	20-30	10-10	40-40	40-40				
France	6.55	3.36	1.36	0.19	0.08	0.00	0.00	0.00	0.00	6-month	50-50	30-70	10-10	70-70	70-70	20-30	10-10	40-40	40-40				
Germany	1.93	0.98	0.78	0.12	0.05	0.00	0.00	0.00	0.00	1-year	50-50	30-70	10-10	70-70	70-70	20-30	10-10	40-40	40-40				
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Australia	1.52	0.75	1.75	0.28	0.11	0.01	0.01	0.01	0.01	1-month	Dollar	D-Mark	Franc	Swiss	Shilling	French	Yen	ECU					
Canada	0.70	0.45	1.05	0.18	0.07	0.00	0.00	0.00	0.00	3-month	50-50	30-70	10-10	70-70	70-70	20-30	10-10	40-40	40-40				
France	6.55	3.36	1.36	0.19	0.08	0.00	0.00	0.00	0.00	6-month	50-50	30-70	10-10	70-70	70-70	20-30	10-10	40-40	40-40				
Germany	1.93	0.98	0.78	0.12	0.05	0.00	0.00	0.00	0.00	1-year	50-50	30-70	10-10	70-70	70-70	20-30	10-10	40-40	40-40				
Italy	1.36	0.69	0.54	0.08	0.03	0.00	0.00	0.00	0.00														
Japan	106.40	53.75	41.93	16.75	6.75	0.27	0.11	0.04	0.01														
Netherlands	2.20	1.12	0.88	0.14	0.06	0.00	0.00	0.00	0.00														
Spain	166.36	83.18	64.93	25.93	10.37	0.41	0.16	0.06	0.02														
Sweden	8.46	4.23	3.26	0.41	0.16	0.00	0.00	0.00	0.00														
Switzerland	1.48	0.74	0.58	0.09	0.04	0.00	0.00	0.00	0.00														
Taiwan	20.36	10.18	7.83	3.13	1.25	0.05	0.02	0.01	0.00														
UK	0.69	0.35	0.27	0.04	0.01	0.00	0.00	0.00	0.00														
US Dollar	1.00	0.69	0.50	0.19	0.08	0.00	0.00	0.00	0.00														
Roths applicable to interbank deposits of \$1 million minimums (or equivalent).																							
Key Money Rates											Aug. 31												
Australia	1.52	0.75	1.75	0.28	0.11	0.01	0.01	0.01	0.01	1-month	Dollar	D-Mark	Franc	Swiss	Shilling	French	Yen	ECU					
Canada	0.70	0.45	1.05	0.18	0.07	0.00	0.00	0.00	0.00	3-month	50-50	30-70	10-10	70-70	70-70	20-30	10-10	40-40	40-40				
France	6.55	3.36	1.36	0.19	0.08	0.00	0.00	0.00	0.00	6-month	50-50	30-70	10-10	70-70	70-70	20-30	10-10	40-40	40-40				
Germany	1.93	0.98	0.78	0.12	0.05	0.00	0.00	0.00	0.00	1-year	50-50	30-70	10-10	70-70	70-70	20-30	10-10	40-40	40-40				
Italy	1.36	0.69	0.54	0.08	0.03	0.00	0.00	0.00	0.00														
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Netherlands	2.20	1.12	0.88	0.14	0.06	0.00	0.00	0.00	0.00														
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Switzerland	1.48	0.74	0.58	0.09	0.04	0.00	0.00	0.00	0.00														
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Canada	0.70	0.45	1.05	0.18	0.07	0.00	0.00	0.00	0.00	3-month	50-50	30-70	10-10	70-70	70-70	20-30	10-10	40-40	40-40				
France	6.55	3.36	1.36	0.19	0.08	0.00	0.00	0.00	0.00	6-month	50-50	30-70	10-10	70-70	70-70	20-30	10-10	40-40	40-40				
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Italy	1.36	0.69	0.54	0.08	0.03	0.00	0.00	0.00	0.00														
Japan	106.40	53.75	41.93	16.75	6.75	0.27	0.11	0.04	0.01														
Netherlands	2.20	1.12	0.88	0.14	0.06	0.00	0.00	0.00	0.00														
Spain	166.36	83.18	64.93	25.93	10.37	0.41	0.16	0.06	0.02														
Sweden	8.46	4.23	3.26	0.41	0.16	0.00	0.00	0.00	0.00														
Switzerland	1.48	0.74	0.58	0.09	0.04	0.00	0.00	0.00	0.00														
Taiwan	20.36	10.18	7.83	3.13	1.25	0.05	0.02	0.01	0.00														
UK	0.69	0.35	0.27	0.04	0.01	0.00	0.00	0.00	0.00														
US Dollar	1.00	0.69	0.50	0.19	0.08	0.00	0.00	0.00	0.00				</										

HOW TO BUILD

You were motivated by vision and entrepreneurial spirit when you built your boat. You knew, however, the importance of having experienced, skilled professionals at your side. They provided innovative solutions every step of the way to assure your project's success. When you're navigating the world's financial markets, you'll benefit from the same close personal relationships built on dialogue at Credit Lyonnais Private Banking. We listen well to our clients' investment priorities before we respond with precise answers based on over 120 years of know-how. You can count on this total commitment to make sure you get where you want to go.

A PARTNERSHIP

Let's talk. CREDIT LYONNAIS Your partner.

PRIVATE BANKING INTERNATIONAL

SWITZERLAND: PLACE BEL-AIR, 1204 GENEVE TEL. 41 22/705 62 06 • HEADQUARTERS FOR CREDIT LYONNAIS PRIVATE BANKING INTERNATIONAL
BASEL TEL. 41 61/284 22 22 • ZÜRICH TEL. 41 1/217 86 86 • LUGANO TEL. 41 91/912 33 33

PARIS TEL. 33 1/42 95 03 05 • LUXEMBOURG TEL. 352/476 831 1 • LONDON TEL. 44 171/499 91 46 • MONACO TEL. 377/93 15 73 34
MONTENEGRO TEL. 598 2/96 35 14 • MIAMI TEL. 1 305/375 78 00 • HONG KONG TEL. 852/28 26 79 88 • SINGAPORE TEL. 65/333 63 31

The 1998 International Herald Tribune Survey

Dear Reader

As a reader of the International Herald Tribune, you are of vital importance to the newspaper, whether you are a regular, occasional or even a first-time reader. Only by knowing more about your thoughts on the newspaper content, your lifestyle and your business, can we endeavour to produce a better newspaper.

We would be very grateful if you could take the time to fill in this questionnaire, fold it following the instructions on the reverse side and post it (the postage is already paid). For every reply we receive we will donate a dollar to a charity.

If you wish to enter our free prize drawing, please fill in your name and address in the space provided below - two winners will be sent a decanter of Fine Champagne Cognac Extra from Rémy Martin.

Thank you very much for your time.

Peter C. Goldmark Jr.
Chairman and Chief Executive

Please indicate your responses with an X in the appropriate boxes.

YOU AND THE INTERNATIONAL HERALD TRIBUNE...

- 1 - How often do you usually read or look at the IHT?
- 5-6 days a week ☐ 1-2 days a week ☐
- 3-4 days a week ☐ Less than once a week ☐

- 2 - How do you usually obtain your copy of the IHT?
- | when in home country | when traveling |
|---|------------------------------------|
| Home subscription <input type="checkbox"/> | Airline <input type="checkbox"/> |
| Personal office subscription <input type="checkbox"/> | Hotel <input type="checkbox"/> |
| Colleague/friend/relative <input type="checkbox"/> | Newsstand <input type="checkbox"/> |
| Newsstand <input type="checkbox"/> | Other <input type="checkbox"/> |
| I only read the IHT when traveling <input type="checkbox"/> | |

- 3 - And how many people excluding yourself usually read your copy of the IHT?
- One ☐ Three ☐ Five or more ☐
- Two ☐ Four ☐ No one else ☐

- 4 - On average, how much time do you spend reading the IHT?
- Less than 15 minutes ☐ 1-2 hours ☐
- 15-29 minutes ☐ 2-3 hours ☐
- 30-44 minutes ☐ Over 3 hours ☐
- 45 minutes-1 hour ☐ Not sure ☐

- 5 - For a typical issue of the IHT, what percentage of pages do you look at or read from before you discard the newspaper?
- 100% ☐ 60% ☐ 20% ☐
- 80% ☐ 40% ☐ Less than 20% ☐

- 6 - Usually, how many separate times do you pick up your copy of the IHT before you have finished with it completely?
- WRITE IN

- 7 - How many other daily newspapers do you usually read? (Please include all daily titles whether they be international, national or local)
- One ☐ Three ☐ Five or more ☐
- Two ☐ Four ☐ No other ☐

- 8 - If you had to rank by order of importance to you personally the daily newspapers you read, where would you rank the IHT?
- First ☐ Second ☐ Third ☐ Other (WRITE IN)

- 9 - Please indicate your level of agreement with the following statements regarding the IHT:
- | | Strongly agree | Agree | Neither agree nor disagree | Disagree | Strongly disagree |
|---|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|
| Publication I want to read | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| You can believe what you read in it | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| I look forward to reading it | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Is a leisurely read | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Is a publication I read thoroughly rather than skim | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

- 10a - Do you ever read the IHT on the Internet?
- Yes ☐ No ☐

- 10b - If yes, how often?
- Each day ☐ 1-2 times/week ☐ 3-4 times/week ☐ 5 times/week ☐ Less often ☐

AIR TRAVEL...

- 11 - Approximately how many international air trips have you made in the last 12 months?
- | Business Pleasure | Business Pleasure | Business Pleasure |
|-------------------------------------|--------------------------------------|-------------------------------|
| 1-3 trips <input type="checkbox"/> | 11-15 trips <input type="checkbox"/> | none <input type="checkbox"/> |
| 4-6 trips <input type="checkbox"/> | 16-20 trips <input type="checkbox"/> | |
| 7-10 trips <input type="checkbox"/> | 21+ trips <input type="checkbox"/> | |

- 12 - Which, if any, of the regions listed below have you visited by air in the last 12 months?
- | Business Pleasure | Business Pleasure |
|--|--|
| Austria <input type="checkbox"/> | Hong Kong <input type="checkbox"/> |
| Belgium/Luxembourg <input type="checkbox"/> | India <input type="checkbox"/> |
| France <input type="checkbox"/> | Indonesia <input type="checkbox"/> |
| Germany <input type="checkbox"/> | Japan <input type="checkbox"/> |
| Greece <input type="checkbox"/> | Korea <input type="checkbox"/> |
| Israel <input type="checkbox"/> | Malaysia <input type="checkbox"/> |
| Italy <input type="checkbox"/> | Philippines <input type="checkbox"/> |
| Netherlands <input type="checkbox"/> | Singapore <input type="checkbox"/> |
| Scandinavia <input type="checkbox"/> | Taiwan <input type="checkbox"/> |
| Spain <input type="checkbox"/> | Thailand <input type="checkbox"/> |
| Switzerland <input type="checkbox"/> | Other Asia/Pacific <input type="checkbox"/> |
| UK <input type="checkbox"/> | USA <input type="checkbox"/> |
| Eastern Europe <input type="checkbox"/> | Canada <input type="checkbox"/> |
| Other Europe <input type="checkbox"/> | Central America/Caribbean <input type="checkbox"/> |
| Africa <input type="checkbox"/> | South America <input type="checkbox"/> |
| Australia/New Zealand <input type="checkbox"/> | Middle East <input type="checkbox"/> |

- 13a - For business trips what class of travel do you usually use?
- | Trips up to 4 hours | Trips of 4 hours or more |
|---|--------------------------|
| First Class <input type="checkbox"/> | <input type="checkbox"/> |
| Business Class <input type="checkbox"/> | <input type="checkbox"/> |
| Economy <input type="checkbox"/> | <input type="checkbox"/> |

- 13b - How many frequent flyer clubs are you a member of?
- None ☐ One ☐ Two ☐ Three or more ☐

WIN A DECANTER OF FINE CHAMPAGNE COGNAC EXTRA



RÉMY MARTIN
FINE CHAMPAGNE COGNAC

To thank you, a dollar will be given to a charity of your choice. Please indicate which of these charities should benefit from your dollar donation.

- World Wildlife Fund ☐ Cancer Research ☐
- Médecins Sans Frontières ☐ International Red Cross ☐

- 14 - Approximately how many nights have you spent in hotels on business in the last 12 months?
- 1-7 ☐ 15-29 ☐ 50-74 ☐
- 8-14 ☐ 30-49 ☐ 75+ ☐ none ☐

- 15 - In the last 12 months, have you:
- flown in your own private plane? Yes ☐ No ☐
- flown in your company's plane? Yes ☐ No ☐

ABOUT YOUR LIFESTYLE...

- 16 - Which, if any, of the following cards do you use? (Please check all that apply.)
- AMEX Gold/Platinum ☐ Any other card ☐
- AMEX Green ☐
- Visa Gold/Premier ☐ International telephone calling cards: ☐
- Other Visa ☐ - AT&T ☐
- MasterCard Gold ☐ - MCI ☐
- Other MasterCard ☐ - Sprint ☐
- Diners Club ☐ Any other int'l calling cards ☐

- 17 - Which of the following items have you bought in the last 12 months, whether for yourself, your household or as a gift? (Please check all that apply.)
- Cognac ☐ Perfumes ☐
- Blended/malt whisky ☐ Watches ☐
- Canadian/US/Irish whisky ☐ Jewelry ☐
- Gin ☐ Designer clothing ☐
- Vodka ☐ Leather items ☐
- Crystalware ☐ Writing accessories ☐

- 18a - How many cars do you have in your household?
- none ☐ one ☐ two ☐ three or more ☐

- 18b - Do you have a company car?
- Who chose it? Yes ☐ No ☐
- Your company ☐ You ☐

- 18c - What is the size of the engine of your:
- personally owned car? under 1999cc ☐ 2000-3000cc ☐ over 3000cc ☐
- company owned car? ☐ ☐ ☐

- 19 - Which of the following do you currently use?
- | Personally | For business |
|---|--------------------------|
| Personal computer <input type="checkbox"/> | <input type="checkbox"/> |
| Laptop/notebook/handheld computer <input type="checkbox"/> | <input type="checkbox"/> |
| CD-ROM <input type="checkbox"/> | <input type="checkbox"/> |
| Video conferencing <input type="checkbox"/> | <input type="checkbox"/> |
| Cellular/mobile phone <input type="checkbox"/> | <input type="checkbox"/> |
| Compact satellite phone <input type="checkbox"/> | <input type="checkbox"/> |
| The Internet/other on-line services: <input type="checkbox"/> | <input type="checkbox"/> |
| - for business and finance information <input type="checkbox"/> | <input type="checkbox"/> |
| - for general information <input type="checkbox"/> | <input type="checkbox"/> |

- Have you ever bought goods/services through the Internet? Yes ☐ No ☐

- 20 - Which, if any, of the following publications do you read regularly (at least 3 out of 4 issues)?
- Financial Times ☐ The Economist ☐
- USA Today ☐ The European ☐
- The Asian Wall Street Journal ☐ Far Eastern Economic Review ☐
- The Wall Street Journal Europe ☐ Newsweek ☐
- BusinessWeek ☐ Time ☐

- 21 - Which, if any, of the following have you done in a business or personal capacity in the last twelve months?
- Acted as adviser to another company ☐
- Been interviewed on TV, radio or by the press ☐
- Had an article, paper or book published ☐
- Set on an industrial/professional committee ☐
- Lobbied or advised members of national/local government ☐
- Been involved in an environmental/conservation/animal welfare group ☐

YOUR WORK...

- 22 - Are you currently:
- Working full/part time ☐ A student ☐
- Not in paid employment/other ☐ Retired ☐

- 23 - What is your job title or position?
- Owner/Partner ☐ Politician/Government Minister ☐
- Chairman/President/CEO ☐ Diplomat/Senior Government Official ☐
- Managing Director ☐ Medical ☐
- Vice President ☐ Legal ☐
- General Manager ☐ Education ☐
- CEO/Finance Director/Treasurer ☐ Clerical position ☐
- Department Head ☐ Other job/position ☐
- Consultant ☐ (WRITE IN)
- Other senior position ☐
- Other Director/Manager ☐

- 24a - What is the main activity of your organization?

- | | |
|---|--|
| Manufacturing/engineering <input type="checkbox"/> | Computing <input type="checkbox"/> |
| Primary industry/utilities <input type="checkbox"/> | Telecommunications <input type="checkbox"/> |
| Construction <input type="checkbox"/> | Other business services <input type="checkbox"/> |
| Wholesale/retail <input type="checkbox"/> | Education <input type="checkbox"/> |
| Travel/tourism/transportation <input type="checkbox"/> | Medical <input type="checkbox"/> |
| Publishing/printing/broadcasting <input type="checkbox"/> | Legal <input type="checkbox"/> |
| Banking <input type="checkbox"/> | Government/diplomatic <input type="checkbox"/> |
| Other financial services <input type="checkbox"/> | Other (WRITE IN) <input type="text"/> |

- 24b - For those of you working in the financial sector, which of the following best describes your job function?

- Financial Analyst ☐
- Portfolio Manager ☐
- Investment Department Head ☐
- Other (WRITE IN)

- 25 - How many people does your organization employ?

- | Country of residence | World-wide |
|------------------------------------|--------------------------|
| Under 10 <input type="checkbox"/> | <input type="checkbox"/> |
| 10-49 <input type="checkbox"/> | <input type="checkbox"/> |
| 50-99 <input type="checkbox"/> | <input type="checkbox"/> |
| 100-249 <input type="checkbox"/> | <input type="checkbox"/> |
| 250-499 <input type="checkbox"/> | <input type="checkbox"/> |
| 500-999 <input type="checkbox"/> | <input type="checkbox"/> |
| 1000-4999 <input type="checkbox"/> | <input type="checkbox"/> |
| 5000+ <input type="checkbox"/> | <input type="checkbox"/> |

Does not operate outside your country of residence ☐

- 26 - Please indicate for which of the goods or services listed below you are wholly or partly responsible for your company's decisions to purchase, lease or change suppliers?

- | | |
|---|--|
| Desktops/PCs <input type="checkbox"/> | Other financial services <input type="checkbox"/> |
| Software <input type="checkbox"/> | Business services <input type="checkbox"/> |
| Network systems <input type="checkbox"/> | Company vehicles <input type="checkbox"/> |
| Telecom systems/equipment/services <input type="checkbox"/> | Corporate/business aircraft <input type="checkbox"/> |
| Other office equipment/technology <input type="checkbox"/> | Conferences/trade fairs/exhibitions <input type="checkbox"/> |
| Commercial banking services <input type="checkbox"/> | International courier/freight services <input type="checkbox"/> |
| Investment banking services <input type="checkbox"/> | Plant and equipment/raw materials <input type="checkbox"/> |
| Corporate investments <input type="checkbox"/> | Bus, premises/industrial site selection <input type="checkbox"/> |

- 27 - Do you have international responsibilities in your job?
- Yes ☐ No ☐

ABOUT YOU...

- 28 - I am: Male ☐ Female ☐

- 29 - Age:
- Under 25 ☐ 35-44 ☐ 55-64 ☐
- 25-34 ☐ 45-54 ☐ 65+ ☐

- 30 - How many children do you have either living at home or away from home (but for whom you are financially responsible)?

- | a) aged under 15 | None | One | Two | Three | Four or more |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b) aged 15 or over | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

- 31 - Which country do you currently live in?

WRITE IN

- 32 - How long have you been living in your country of residence?

- Less than 1 year ☐ 2-5 years ☐ 10 years+ ☐
- 1-2 years ☐ 5-10 years ☐

- 33 - Which country are you a Citizen/National of?

WRITE IN

- 34a - Which level are you educated to:

- Doctorate ☐ Standard university level ☐
- MBA ☐ Secondary/high school level ☐
- Higher university degree level ☐

- 34b -

- Are you currently studying for an MBA? Yes ☐ No ☐
- Do you have any plans in the future to study for an MBA? Yes ☐ No ☐

- 35 - Approximate household income (pre-tax) in US\$ from all sources:

- | | |
|---|---|
| Up to \$30,000 <input type="checkbox"/> | \$150,000 to under \$200,000 <input type="checkbox"/> |
| \$30,000 to under \$50,000 <input type="checkbox"/> | \$200,000 to under \$300,000 <input type="checkbox"/> |
| \$50,000 to under \$100,000 <input type="checkbox"/> | \$300,000 to under \$500,000 <input type="checkbox"/> |
| \$100,000 to under \$150,000 <input type="checkbox"/> | \$500,000 and over <input type="checkbox"/> |

Or, write in own currency:

- 36 - Which, if any, of the following categories of personal investments and financial services do you have or use?

- | | |
|--|--|
| Life insurance <input type="checkbox"/> | Gold/precious metals <input type="checkbox"/> |
| Private banking <input type="checkbox"/> | Commodities <input type="checkbox"/> |
| Private pension plan <input type="checkbox"/> | Foreign currency <input type="checkbox"/> |
| Stocks or bonds <input type="checkbox"/> | Property/real estate (wholly owned) <input type="checkbox"/> |
| Government securities <input type="checkbox"/> | Collectibles (art, antiques, coins, stamps) <input type="checkbox"/> |
| Funds/unit trusts <input type="checkbox"/> | |

- In order to be eligible for the prize drawing*, please write in your full name and address in the space provided.

Title: Mr/Mrs/Miss/D/Prof. Other

First Name Family Name

Address

Postal Code City/Town Country

Telephone no.


E-mail address

The IHT frequently seeks to conduct surveys amongst its readers for purposes of editorial and commercial development. If you do not wish to be contacted in the future please check the box below. We can assure all respondents to this questionnaire that their names and addresses will not be used for any purpose, nor passed on to any third parties, other than for IHT research, and only then with their permission.

I do not wish to participate in further IHT surveys over the next 18 months. ☐

Thank you for your cooperation. Now simply follow the folding instructions on the reverse of the questionnaire and please post it.

*Valid where legal.



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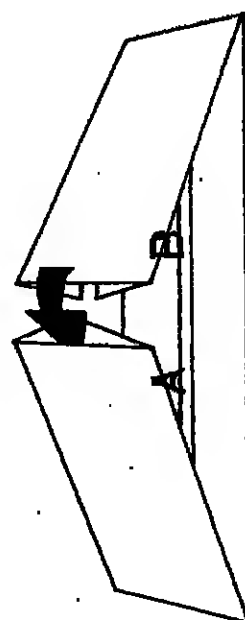
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 60. **Section 5BH**
 61. **Section 5BI**
 62. **Section 5BJ**
 63. **Section 5BK**
 64. **Section 5BL**
 65. **Section 5BM**
 66. **Section 5BN**
 67. **Section 5BO**
 68. **Section 5BP**
 69. **Section 5BQ**
 70. **Section 5BR**
 71. **Section 5BS**
 72. **Section 5BT**
 73. **Section 5BU**
 74. **Section 5BV**
 75. **Section 5BW**
 76. **Section 5BX**
 77. **Section 5BY**
 78. **Section 5BZ**
 79. **Section 5CA**
 80. **Section 5CB**
 81. **Section 5CC**
 82. **Section 5CD**
 83. **Section 5CE**
 84. **Section 5CF**
 85. **Section 5CG**
 86. **Section 5CH**
 87. **Section 5CI**
 88. **Section 5CJ**
 89. **Section 5CK**
 90. **Section 5CL**
 91. **Section 5CM**
 92. **Section 5CN**
 93. **Section 5CO**
 94. **Section 5CP**
 95. **Section 5CQ**
 96. **Section 5CR**
 97. **Section 5CS**
 98. **Section 5CT**
 99. **Section 5CU**
 100. **Section 5CV**
 101. **Section 5CW**
 102. **Section 5CX**
 103. **Section 5CY**
 104. **Section 5CZ**
 105. **Section 5DA**
 106. **Section 5DB**
 107. **Section 5DC**
 108. **Section 5DD**
 109. **Section 5DE**
 110. **Section 5DF**
 111. **Section 5DG**
 112. **Section 5DH**
 113. **Section 5DI**
 114. **Section 5DJ**
 115. **Section 5DK**
 116. **Section 5DL**
 117. **Section 5DM**
 118. **Section 5DN**
 119. **Section 5DO**
 120. **Section 5DP**
 121. **Section 5DQ**
 122. **Section 5DR**
 123. **Section 5DS**
 124. **Section 5DT**
 125. **Section 5DU**
 126. **Section 5DV**
 127. **Section 5DW**
 128. **Section 5DX**
 129. **Section 5DY**
 130. **Section 5DZ**
 131. **Section 5EA**
 132. **Section 5EB**
 133. **Section 5EC**
 134. **Section 5ED**
 135. **Section 5EE**
 136. **Section 5EF**
 137. **Section 5EG**
 138. **Section 5EH**
 139. **Section 5EI**
 140. **Section 5EJ**
 141. **Section 5EK**
 142. **Section 5EL**
 143. **Section 5EM**
 144. **Section 5EN**
 145. **Section 5EO**
 146. **Section 5EP**
 147. **Section 5EQ**
 148. **Section 5ER**
 149. **Section 5ES**
 150. **Section 5ET**
 151. **Section 5EU**
 152. **Section 5EV**
 153. **Section 5EW**
 154. **Section 5EX**
 155. **Section 5EY**
 156. **Section 5EZ**
 157. **Section 5FA**
 158. **Section 5FB**
 159. **Section 5FC**
 160. **Section 5FD**
 161. **Section 5FE**
 162. **Section 5FF**
 163. **Section 5FG**
 164. **Section 5FH**
 165. **Section 5FI**
 166. **Section 5FJ**
 167. **Section 5FK**
 168. **Section 5FL**
 169. **Section 5FM**
 170. **Section 5FN**
 171. **Section 5FO**
 172. **Section 5FP**
 173. **Section 5FQ**
 174. **Section 5FR**
 175. **Section 5FS**
 176. **Section 5FT**
 177. **Section 5FU**
 178. **Section 5FV**
 179. **Section 5FW**
 180. **Section 5FX**
 181. **Section 5FY**
 182. **Section 5FZ**
 183. **Section 5GA**
 184. **Section 5GB**
 185. **Section 5GC**
 186. **Section 5GD**
 187. **Section 5GE**
 188. **Section 5GF**
 189. **Section 5GG**
 190. **Section 5GH**
 191. **Section 5GI**
 192. **Section 5GJ**
 193. **Section 5GK**
 194. **Section 5GL**
 195. **Section 5GM**
 196. **Section 5GN**
 197. **Section 5GO**
 198. **Section 5GP**
 199. **Section 5GQ**
 200. **Section 5GR**
 201. **Section 5GS**
 202. **Section 5GT**
 203. **Section 5GU**
 204. **Section 5GV**
 205. **Section 5GW**
 206. **Section 5GX**
 207. **Section 5GY**
 208. **Section 5GZ**
 209. **Section 5HA**
 210. **Section 5HB**
 211. **Section 5HC**
 212. **Section 5HD**
 213. **Section 5HE**
 214. **Section 5HF**
 215. **Section 5HG**
 216. **Section 5HH**
 217. **Section 5HI**
 218. **Section 5HJ**
 219. **Section 5HK**
 220. **Section 5HL**
 2

...potential
...between him
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...the biggest
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...to the other elec-
...the recent move.

A former U.S. instructor at the South Vietnamese military school was appointed to work closely with the

WORLD STOCK MARKET

Today, Aug. 31

High Low Open Prev.				Franchise
23.25	23.10	23.15	23.10	23.10
23.15	23.00	23.05	23.00	23.00
23.05	22.90	22.95	22.90	22.90
22.95	22.80	22.85	22.80	22.80
22.85	22.70	22.75	22.70	22.70
22.75	22.60	22.65	22.60	22.60
22.65	22.50	22.55	22.50	22.50
22.55	22.40	22.45	22.40	22.40
22.45	22.30	22.35	22.30	22.30
22.35	22.20	22.25	22.20	22.20
22.25	22.10	22.15	22.10	22.10
22.15	22.00	22.05	22.00	22.00
22.05	21.90	21.95	21.90	21.90
21.95	21.80	21.85	21.80	21.80
21.85	21.70	21.75	21.70	21.70
21.75	21.60	21.65	21.60	21.60
21.65	21.50	21.55	21.50	21.50
21.55	21.40	21.45	21.40	21.40
21.45	21.30	21.35	21.30	21.30
21.35	21.20	21.25	21.20	21.20
21.25	21.10	21.15	21.10	21.10
21.15	21.00	21.05	21.00	21.00
21.05	20.90	20.95	20.90	20.90
20.95	20.80	20.85	20.80	20.80
20.85	20.70	20.75	20.70	20.70
20.75	20.60	20.65	20.60	20.60
20.65	20.50	20.55	20.50	20.50
20.55	20.40	20.45	20.40	20.40
20.45	20.30	20.35	20.30	20.30
20.35	20.20	20.25	20.20	20.20
20.25	20.10	20.15	20.10	20.10
20.15	20.00	20.05	20.00	20.00
20.05	19.90	19.95	19.90	19.90
19.95	19.80	19.85	19.80	19.80
19.85	19.70	19.75	19.70	19.70
19.75	19.60	19.65	19.60	19.60
19.65	19.50	19.55	19.50	19.50
19.55	19.40	19.45	19.40	19.40
19.45	19.30	19.35	19.30	19.30
19.35	19.20	19.25	19.20	19.20
19.25	19.10	19.15	19.10	19.10
19.15	19.00	19.05	19.00	19.00
19.05	18.90	18.95	18.90	18.90
18.95	18.80	18.85	18.80	18.80
18.85	18.70	18.75	18.70	18.70
18.75	18.60	18.65	18.60	18.60
18.65	18.50	18.55	18.50	18.50
18.55	18.40	18.45	18.40	18.40
18.45	18.30	18.35	18.30	18.30
18.35	18.20	18.25	18.20	18.20
18.25	18.10	18.15	18.10	18.10
18.15	18.00	18.05	18.00	18.00
18.05	17.90	17.95	17.90	17.90
17.95	17.80	17.85	17.80	17.80
17.85	17.70	17.75	17.70	17.70
17.75	17.60	17.65	17.60	17.60
17.65	17.50	17.55	17.50	17.50
17.55	17.40	17.45	17.40	17.40
17.45	17.30	17.35	17.30	17.30
17.35	17.20	17.25	17.20	17.20
17.25	17.10	17.15	17.10	17.10
17.15	17.00	17.05	17.00	17.00
17.05	16.90	16.95	16.90	16.90
16.95	16.80	16.85	16.80	16.80
16.85	16.70	16.75	16.70	16.70
16.75	16.60	16.65	16.60	16.60
16.65	16.50	16.55	16.50	16.50
16.55	16.40	16.45	16.40	16.40
16.45	16.30	16.35	16.30	16.30
16.35	16.20	16.25	16.20	16.20
16.25	16.10	16.15	16.10	16.10
16.15	16.00	16.05	16.00	16.00
16.05	15.90	15.95	15.90	15.90
15.95	15.80	15.85	15.80	15.80
15.85	15.70	15.75	15.70	15.70
15.75	15.60	15.65	15.60	15.60
15.65	15.50	15.55	15.50	15.50
15.55	15.40	15.45	15.40	15.40
15.45	15.30	15.35	15.30	15.30
15.35	15.20	15.25	15.20	15.20
15.25	15.10	15.15	15.10	15.10
15.15	15.00	15.05	15.00	15.00
15.05	14.90	14.95	14.90	14.90
14.95	14.80	14.85	14.80	14.80
14.85	14.70	14.75	14.70	14.70
14.75	14.60	14.65	14.60	14.60
14.65	14.50	14.55	14.50	14.50
14.55	14.40	14.45	14.40	14.40
14.45	14.30	14.35	14.30	14.30
14.35	14.20	14.25	14.20	14.20
14.25	14.10	14.15	14.10	14.10
14.15	14.00	14.05	14.00	14.00
14.05	13.90	13.95	13.90	13.90
13.95	13.80	13.85	13.80	13.80
13.85	13.70	13.75	13.70	13.70
13.75	13.60	13.65	13.60	13.60
13.65	13.50	13.55	13.50	13.50
13.55	13.40	13.45	13.40	13.40
13.45	13.30	13.35	13.30	13.30
13.35	13.20	13.25	13.20	13.20
13.25	13.10	13.15	13.10	13.10
13.15	13.00	13.05	13.00	13.00
13.05	12.90	12.95	12.90	12.90
12.95	12.80	12.85	12.80	12.80
12.85	12.70	12.75	12.70	12.70
12.75	12.60	12.65	12.60	12.60
12.65	12.50	12.55	12.50	12.50
12.55	12.40	12.45	12.40	12.40
12.45	12.30	12.35	12.30	12.30
12.35	12.20	12.25	12.20	12.20
12.25	12.10	12.15	12.10	12.10
12.15	12.00	12.05	12.00	12.00
12.05	11.90	11.95	11.90	11.90
11.95	11.80	11.85	11.80	11.80
11.85	11.70	11.75	11.70	11.70
11.75	11.60	11.65	11.60	11.60
11.65	11.50	11.55	11.50	11.50
11.55	11.40	11.45	11.40	11.40
11.45	11.30	11.35	11.30	11.30
11.35	11.20	11.25	11.20	11.20
11.25	11.10	11.15	11.10	11.10
11.15	11.00	11.05	11.00	11.00
11.05	10.90	10.95	10.90	10.90
10.95	10.80	10.85	10.80	10.80
10.85	10.70	10.75	10.70	10.70
10.75	10.60	10.65	10.60	10.60
10.65	10.50	10.55	10.50	10.50
10.55	10.40	10.45	10.40	10.40
10.45	10.30	10.35	10.30	10.30
10.35	10.20	10.25	10.20	10.20
10.25	10.10	10.15	10.10	10.10
10.15	10.00	10.05	10.00	10.00
10.05	9.90	9.95	9.90	9.90
9.95	9.80	9.85	9.80	9.80
9.85	9.70	9.75	9.70	9.70
9.75	9.60	9.65	9.60	9.60
9.65	9.50	9.55	9.50	9.50
9.55	9.40	9.45	9.40	9.40
9.45	9.30	9.35	9.30	9.30
9.35	9.20	9.25	9.20	9.20
9.25	9.10	9.15	9.10	9.10
9.15	9.00	9.05	9.00	9.00
9.05	8.90	8.95	8.90	8.90
8.95	8.80	8.85	8.80	8.80
8.85	8.70	8.75	8.70	8.70
8.75	8.60	8.65	8.60	8.60
8.65	8.50	8.55	8.50	8.50
8.55	8.40	8.45	8.40	8.40
8.45	8.30	8.35	8.30	8.30
8.35	8.20	8.25	8.20	8.20
8.25	8.10	8.15	8.10	8.10
8.15	8.00	8.05	8.00	8.00
8.05	7.90	7.95	7.90	7.90
7.95	7.80	7.85	7.80	7.80
7.85	7.70	7.75	7.70	7.70
7.75	7.60	7.65	7.60	7.60
7.65	7.50	7.55	7.50	7.50
7.55	7.40	7.45	7.40	7.40
7.45	7.30	7.35	7.30	7.30
7.35	7.20	7.25	7.20	7.20
7.25	7.10	7.15	7.10	7.10
7.15	7.00	7.05	7.00	7.00
7.05	6.90	6.95	6.90	6.90
6.95	6.80	6.85	6.80	6.80
6.85	6.70	6.75	6.70	6.70
6.75	6.60	6.65	6.60	6.60
6.65	6.50	6.55	6.50	6.50
6.55	6.40	6.45	6.40	6.40
6.45	6.30	6.35	6.30	6.30
6.35	6.20	6.25	6.20	6.20
6.25	6.10	6.15	6.10	6.10
6.15	6.00	6.05	6.00	6.00
6.05	5.90	5.95	5.90	5.90
5.95	5.80	5.85	5.80	5.80
5.85	5.70	5.75	5.70	5.70
5.75	5.60	5.65	5.60	5.60
5.65	5.50	5.55	5.50	5.50
5.55	5.40	5.45	5.40	5.40
5.45	5.30	5.35	5.30	5.30
5.35	5.20	5.25	5.20	5.20
5.25	5.10	5.15	5.10	5.10
5.15	5.00	5.05	5.00	5.00
5.05	4.90	4.95	4.90	4.90
4.95	4.80	4.85	4.80	4.80
4.85	4.70	4.75	4.70	4.70
4.75	4.60	4.65	4.60	4.60
4.65	4.50	4.55	4.50	4.50
4.55	4.40	4.45	4.40	4.40
4.45	4.30	4.35	4.30	4.30
4.35	4.20	4.25	4.20	4.20
4.25	4.10	4.15	4.10	4.10
4.15	4.00	4.05	4.00	4.00
4.05	3.90	3.95	3.90	3.90
3.95	3.80	3.85	3.80	3.80
3.85	3.70	3.75	3.70	3.70
3.75	3.60	3.65	3.60	3.60
3.65	3.50	3.55	3.50	3.50
3.55	3.40	3.45	3.40	3.40
3.45	3.30	3.35	3.30	3.30
3.35	3.20	3.25	3.20	3.20
3.25	3.10	3.15	3.10	3.10
3.15	3.00	3.05	3.00	3.00
3.05	2.90	2.95	2.90	2.90
2.95	2.80	2.85	2.80	2.80
2.85	2.70	2.75	2.70	2.70
2.75	2.60	2.65	2.60	2.60
2.65	2.50	2.55	2.50	2.50
2.55	2.40	2.45	2.40	2.40
2.45	2.30	2.35	2.30	2.30
2.35	2.20	2.25	2.20	2.20
2.25	2.10	2.15	2.10	2.10
2.15	2.00	2.05	2.00	2.00
2.05	1.90	1.95	1.90	1.90
1.95	1.80	1.85	1.80	1.80
1.85	1.70	1.75	1.70	1.70
1.75	1.60	1.65	1.60	1.60
1.65	1.50	1.55	1.50	1.50
1.55	1.40	1.45	1.40	1.40
1.45	1.30	1.35	1.30	1.30
1.35	1.20	1.25	1.20	1.20
1.25	1.10	1.15	1.10	1.10
1.15	1.00	1.05	1.00	1.00
1.05	0.90	0.95	0.90	0.90
0.95	0.80	0.85	0.80	0.80
0.85	0.70	0.75	0.70	0.70
0.75	0.60	0.65	0.60	0.60
0.65	0.50	0.55	0.50	0.50
0.55	0.40	0.45	0.40	0.40
0.45	0.30	0.35	0.30	0.30
0.35	0.20	0.25	0.20	0.20
0.25	0.10	0.15	0.10	0.10
0.15	0.00	0.05	0.00	0.00
0.05				

Hotel

SE 1 radon.
Previous.[illegible]

Hong

Previous

[illegible]

BEL 20 inches 7.5 cm

Previous

32%	1.000	1.000	1.000
33%	1.000	1.000	1.000
34%	1.000	1.000	1.000
35%	1.000	1.000	1.000
36%	1.000	1.000	1.000
37%	1.000	1.000	1.000
38%	1.000	1.000	1.000
39%	1.000	1.000	1.000
40%	1.000	1.000	1.000
41%	1.000	1.000	1.000
42%	1.000	1.000	1.000
43%	1.000	1.000	1.000
44%	1.000	1.000	1.000
45%	1.000	1.000	1.000
46%	1.000	1.000	1.000
47%	1.000	1.000	1.000
48%	1.000	1.000	1.000
49%	1.000	1.000	1.000
50%	1.000	1.000	1.000
51%	1.000	1.000	1.000
52%	1.000	1.000	1.000
53%	1.000	1.000	1.000
54%	1.000	1.000	1.000
55%	1.000	1.000	1.000
56%	1.000	1.000	1.000
57%	1.000	1.000	1.000
58%	1.000	1.000	1.000
59%	1.000	1.000	1.000
60%	1.000	1.000	1.000
61%	1.000	1.000	1.000
62%	1.000	1.000	1.000
63%	1.000	1.000	1.000
64%	1.000	1.000	1.000
65%	1.000	1.000	1.000
66%	1.000	1.000	1.000
67%	1.000	1.000	1.000
68%	1.000	1.000	1.000
69%	1.000	1.000	1.000
70%	1.000	1.000	1.000
71%	1.000	1.000	1.000
72%	1.000	1.000	1.000
73%	1.000	1.000	1.000
74%	1.000	1.000	1.000
75%	1.000	1.000	1.000
76%	1.000	1.000	1.000
77%	1.000	1.000	1.000
78%	1.000	1.000	1.000
79%	1.000	1.000	1.000
80%	1.000	1.000	1.000
81%	1.000	1.000	1.000
82%	1.000	1.000	1.000
83%	1.000	1.000	1.000
84%	1.000	1.000	1.000
85%	1.000	1.000	1.000
86%	1.000	1.000	1.000
87%	1.000	1.000	1.000
88%	1.000	1.000	1.000
89%	1.000	1.000	1.000
90%	1.000	1.000	1.000
91%	1.000	1.000	1.000
92%	1.000	1.000	1.000
93%	1.000	1.000	1.000
94%	1.000	1.000	1.000
95%	1.000	1.000	1.000
96%	1.000	1.000	1.000
97%	1.000	1.000	1.000
98%	1.000	1.000	1.000
99%	1.000	1.000	1.000
100%	1.000	1.000	1.000

1. The first step is to identify the problem or goal. This involves understanding the current situation and what needs to be achieved.

Aires

Company	1993	1992	1991	1990	1989
1. General Electric	10.1	10.1	10.1	10.1	10.1
2. IBM	9.8	9.8	9.8	9.8	9.8
3. Microsoft	9.5	9.5	9.5	9.5	9.5
4. Oracle	9.2	9.2	9.2	9.2	9.2
5. Novell	8.9	8.9	8.9	8.9	8.9
6. Unisys	8.6	8.6	8.6	8.6	8.6
7. 3Com	8.3	8.3	8.3	8.3	8.3
8. Apple	8.0	8.0	8.0	8.0	8.0
9. Lotus	7.7	7.7	7.7	7.7	7.7
10. Intel	7.4	7.4	7.4	7.4	7.4

mekan

SECRET
PROTONS

421	221	111	101
461	261	441	431
501	301	481	471
541	341	521	511
581	381	561	551
621	421	601	591
661	461	641	631
701	501	681	671
741	541	721	711
781	581	761	751
821	621	801	791
861	661	841	831
901	701	881	871
941	741	921	911
981	781	961	951
1000	800	990	980

EUROPE

Alcatel Chief
Severs Ties to
Aerospatiale

Bloomberg News
TOULOUSE, France — Serge Tchuruk, chairman of Alcatel SA, resigned Monday as a board member of Aerospatiale, a casualty of the government's haste to restructure its fragmented aerospace industry.

Mr. Tchuruk resigned to protest the merger of state-owned Aerospatiale and Matra Hachette Technologies, a competitor to Alcatel in satellites. Aerospatiale had no immediate comment.

Mr. Tchuruk saw a "potential conflict of interest" between his role as chief of Alcatel, which recently bought Aerospatiale's satellite business, and his role as director of Aerospatiale, which is now buying Matra, the parent company of the satellite-maker Matra Marconi Space, an Alcatel spokesman said.

France wants to create aerospace companies powerful enough to play a leading role in any pan-European restructuring of the industry. Once national consolidation is completed, the companies will be ready to prepare for cross-border mergers to tackle U.S. competition.

Since Mr. Tchuruk's appointment as chief executive at Alcatel, the company's shares have more than doubled in value as he focused the company on its core telecommunications business, moving it into higher-margin businesses such as mobile communications and high-speed data transmission.

The French government has made two key maneuvers in the past 12 months to consolidate its industry. In April, Alcatel became the biggest corporate shareholder in Thomson-CSF, Europe's largest defense-electronics company. The second move, announced in July, is a plan for Aerospatiale to buy from Lagardere SCA its Matra division, which includes the satellite-maker Matra Marconi Space.

In the Thomson-CSF restructuring, Alcatel and Dassault Industries each got a 22.4 percent of Thomson-CSF. Mr. Tchuruk was appointed to Aerospatiale's board with that move.

BIS Cites Ebb in Lending to Asia

Compiled by Our Staff From Dispatches

BASEL, Switzerland — Foreign banks more than doubled their lending to Russia in the first quarter of the year from the previous period as they shifted funds from Asia, the Bank for International Settlements said.

New international lending to Russia rose to \$3.26 billion from \$1.44 billion in the fourth quarter of 1997, bringing the total to \$61.4 billion, the bank said in a report released late Sunday. Asian lending fell by \$33.72 billion in the first quarter after a fourth-quarter decline of \$27.47 billion.

Because the figures cover the period through March, they do not reflect the financial turmoil that has prompted foreign investors to flee Russian assets since then.

Overall, international banks showed greater reluctance to lend in emerging markets, said the Bank for International Settlements, a "central bankers' bank" that tracks international money flows. That reluctance "has undoubtedly heightened the vulnerability of these countries should there be a new wave of disturbances or a reappraisal of market conditions," the bank said.

The bank said the financial turmoil in Asia and Russia underlined the need to reform the world's banking structure. The global system is "increasingly beyond the reach" of national regulators, the report said, and greater international cooperation is needed.

Although market tensions in Asia eased somewhat earlier this

year, financial turbulence has again rocked the region and lent a "new sense of urgency" to the need for crisis prevention and resolution, the report said.

A consensus seems to be developing on the need for improved information, reduced reliance on short-term capital and other measures in Asia, the report said. But these may not be enough to prevent crises and will take time to establish, it added.

A commitment by Asian governments to rapidly adopt such measures "doesn't yet appear to be forthcoming in some countries," the study said.

The report also said the region's governments needed to decide how to share the financial costs of crises. (Bloomberg, AP)

Credit Suisse
Gets Out of
Reinsurance

Compiled by Our Staff From Dispatches

ZURICH — Credit Suisse Group said Monday that it planned to sell its reinsurance arm to PartnerRe Ltd., a Bermuda-based reinsurer, for 1.13 billion Swiss francs (\$774.5 million), a move signaling an exit by Switzerland's second-largest bank from the business of assuming risk for insurance companies.

PartnerRe, which protects insurers from unusually large concentrations of claims, agreed in principle to buy the unit from Credit Suisse's Winterthur Insurance Co. unit. The companies expect to sign a firm contract by Oct. 1.

The transaction takes Credit Suisse out of the increasingly competitive reinsurance market as it continues to reshuffle Winterthur's portfolio to focus on its most profitable units. The move also follows Winterthur's sale of its 51 percent stake in the Australian insurer HIH Winterthur in July.

"Winterthur often said that its reinsurance activities weren't crucial to its business," said Victor Damman, an analyst at Bank J. Vontobel & Co. "And it looks like they got a fair price for the business."

In Zurich, Credit Suisse shares fell 8 francs to close at 253.50.

PartnerRe gets a unit that had gross premiums of \$837 million in 1997, total assets of over \$3 billion and a more diverse product and geographic mix. PartnerRe stock fell 87.5 cents to \$40.375 in late trading on the New York Stock Exchange.

"This greatly strengthens PartnerRe's presence in Europe," said Alice Schroeder, an analyst at PaineWebber. "It transforms it into a broad-based, multiline reinsurer."

One of the main activities of the reinsurance businesses is insuring insurance companies.

Credit Suisse's banking group announced its takeover of Winterthur, Switzerland's second-biggest insurance company, last year. The financial services industry has been consolidating as companies buy competitors to increase market share, reduce costs and expand into other businesses. (AP, Bloomberg)

German Jobless Total Seen
Falling Below 4 Million

Compiled by Our Staff From Dispatches

BERLIN — The total number of people registered as unemployed in Germany is expected to slip temporarily below 4 million in the autumn before rising again for seasonal reasons, the Federal Labor Office president, Bernhard Jagoda, said in an interview published Monday.

"I expect that we will temporarily dip below the 4 million level in the autumn, before unemployment will start to rise again for seasonal reasons," Mr. Jagoda told the daily newspaper Die Welt. "The average for the year as a whole will be just under 4.3 million."

"For 1999, from today's point of view, we can expect a decline in unemployment. Whether we will succeed in attaining a three before the decimal point for the annual average remains to be seen, but that cannot be ruled out completely," Mr. Jagoda said.

Nevertheless, it would be illusory to expect to reach "acceptable" levels of unemployment in the short term, Mr. Jagoda said.

"Unemployment has risen to where it is now over a number of

years," he said. "We will need many years to reduce it again."

In July, the jobless total stood at 4.134 million, on a nonseasonally adjusted basis. The jobless rate rose to 10.7 percent from 10.5 percent.

Official figures for August are scheduled to be released Sept. 8, but the German news agency DPA said it had obtained data that showed the jobless total fell to an unadjusted 4.1 million in August.

Separately, a member of Germany's panel of economic advisers, or "five wise men," criticized union demands Monday for strong wage increases and said wages should rise no more than 2 percent in the next round of pay talks.

Rolf Pfeifferkorn, member of the government's panel of economic advisers, told Saar Radio that there was no room for big pay increases in light of the country's high unemployment.

"Only wage restraint will help the unemployed find a job," he said. "Under these circumstances, I think that wage increases of around 2 percent are the limit of what is economically defensible." (AP, Reuters)

Shell in Talks
With Texaco Inc.

Bloomberg News

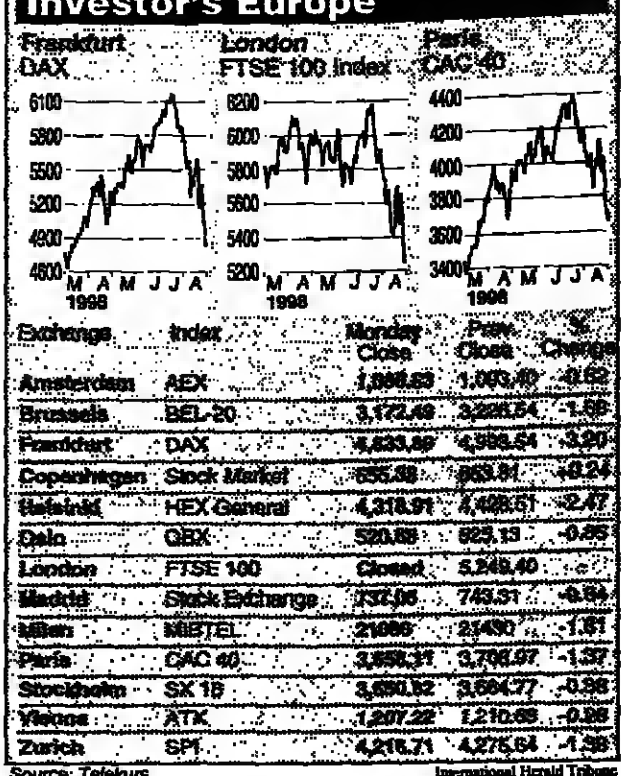
LONDON — The Royal Dutch/Shell Group said Monday that it was in talks with Texaco Inc. and other international oil companies that might lead to a merger of their European refining operations.

"We are looking for growth opportunities and we could, as part of the process, look at a merger or any other form of alliance," said Caris Taviner, a spokeswoman for Shell in London. "We are talking to a number of parties, and Texaco is one of those parties."

Ms. Taviner said the talks were limited to a venture between the two companies in refining and fuel marketing in Europe. She said a report that Shell might bid for Texaco in full was "speculation."

A merger between Shell and Texaco could produce savings in the billions of dollars on the scale of British Petroleum Co. and Amoco Corp., which have said they plan to combine in a \$54 billion stock swap.

Investor's Europe



Very briefly:

- The European Union's annual inflation rate fell to 1.5 percent in July, down from 1.6 percent a year earlier, the inflation rate in the 11 countries that will take part in a single currency as of next January remained stable at 1.4 percent.
- Kerry Group PLC, Ireland's largest food processor and distributor, said first-half profit rose 13 percent, to 30.9 million pounds (\$43.4 million) as it expanded through acquisitions. Sales rose 24 percent, to 777.9 million pounds. Kerry is raising its interim dividend to 1.68 pence per share from 1.46 pence.
- Royal Groceries NV shares soared 15 percent, to 53.5 guilders (\$28.68), after the brewer said it would oppose a takeover bid from Interbrew NV of Belgium, which said it would not make a hostile bid.
- Germany's construction industry suffered a 1.4 percent decline in new orders in June from a year ago as demand for commercial building projects dropped in the Western part of the country, the HDB industry association said.
- Toyota Motor Corp., through two subsidiaries, is building a \$44 million factory in Dresden to produce compressors for automotive air conditioners.
- The Netherlands consumer confidence index fell to 19 in August from 23 in July as optimism about the Dutch economy was eroded by concerns about the economic turmoil in Asia. The index reached an all-time high in May and June as the jobless rate sank to a 17-year low of 4.2 percent.
- Finland, home of Nokia Oy, the world's No.2 cellular phone maker, has become the first country to see a majority of the population own a mobile phone. The Ministry of Transport and Communications said that of 5.14 million Finns, 2.57 million had a mobile phone subscription. (AP, Bloomberg)

WORLD STOCK MARKETS

Monday, Aug. 31

Daily prices in local currencies

Tel Aviv

Amsterdam

ASEAN

Bangkok

Buenos Aires

Copenhagen

Frankfurt

Hong Kong

Jakarta

London

Manila

Mexico

Milan

Moscow

New York

Osaka

Paris

Rangoon

Seoul

Singapore

Stockholm

Taipei

Tel Aviv

Tokyo

Toronto

Vienna

Zurich

High Low Close Prev.

Johannesburg

Kuala Lumpur

London

Manila

Mexico

Milan

Moscow

New York

Osaka

Paris

Rangoon

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INTERNATIONAL FUNDS

August 31, 1998

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WORLD ROUNDUP

Coach Found Guilty

SWIMMING A former East German doctor and a swimming coach who admitted giving performance-enhancing drugs to young female swimmers were convicted Monday of causing bodily harm and fined.

It was the second verdict in cases dealing with the use of anabolic steroids in the former communist country in the 1970s.

The three doctors and two coaches sentenced so far have avoided prison terms. All five admitted administering the drugs. Proceedings are continuing against coaches and doctors who have stayed silent on the charges.

The Berlin state court fined Rolf Glaeser, who coached Dynamo Berlin, 7,200 Deutsche marks (\$4,000). Dieter Binus, the team doctor, was fined 9,000 DM. (AP)

Spinner Destroys English

CRICKET Muralitharan took seven more English wickets Monday as Sri Lanka won the one-off test by 10 wickets. Muralitharan finished with nine wickets in England's second innings and 16 wickets in the match. It was the fifth-best match haul in test cricket history.

David Lloyd, the England coach, criticized Muralitharan's "unorthodox action" on Sunday, implying that his bowling motion was illegal. The criticism rebounded Monday as England's batsmen failed against Muralitharan. Only Alec Stewart, the captain, escaped. He was run out. England was all out for 181. Sri Lanka scored the 36 it needed in five overs. (Reuters)

Bears Release Mirer

FOOTBALL The Chicago Bears cut the quarterback Rick Mirer, the No. 2 pick in the 1993 National Football League draft, on Sunday. The Bears traded a first-round draft pick to Seattle for Mirer last season and signed him to a \$10 million contract. But he lost the starter's job to Erik Kramer. (AP)

Ivanisevic Is 'Perfect' As He Avoids Upset

But Seeded Berasategui Falls to Muster

NEW YORK — Goran Ivanisevic got past a big hurdle Monday, the opening round of the U.S. Open.

In the last five years, I've made one semifinal and four first rounds," Ivanisevic said after stopping Mark Woodforde of Australia, 6-3, 6-4, 6-4, in the opening match at Arthur Ashe Stadium.

"Today was perfect," Ivanisevic, a who is seeded 14th, reached the semifinals in 1996 but lost

U.S. OPEN TENNIS

in the first round in 1994, '95 and '97.

In other matches Alberto Berasategui became the first seed to fall and Peter Sampras breezed through to the second round.

Berasategui, one of four Spaniards seeded in the men's draw, lost a battle of clay-court, falling to Thomas Muster, a former world No. 1, 7-6 (7-1), 6-2, 6-3.

"Not bad. It was all right," Muster said. "He got a little tired and made some unforced errors in the second and third sets."

Ivanisevic pounded 23 aces in the match between left-handers, time and again catching Woodforde, one of the world's top doubles players, leaning the wrong way.

Even Ivanisevic's erratic ground game was impeccable under the bright, hot sun, as he struck 49 winners to 23 by Woodforde.

"If I can continue to serve like this, great," Ivanisevic said. "The court has never been faster."

Festering bad blood between Ivanisevic and Woodforde surfaced during and after the match.

Woodforde hit Ivanisevic in the back with an overhead slam midway through the second set and then the veteran Australian doubles specialist said afterward he didn't much like the way Ivanisevic played.

Woodforde said Ivanisevic had yet to prove he can win a Grand Slam title.

"I have yet to see him serve an entire Grand Slam tournament as well as that," Woodforde said. "He may come out and find his shoulder sore or something like that."

"He's a contender to be alive deep in the second week. I just think maybe the occasion would outweigh his chances of winning, that he hasn't won a Grand Slam and he clearly wants to win one. Better opponents than me that can return better can give him problems later in the tournament."

Ivanisevic suggested that Woodforde's exit here should also mark his farewell as a singles player.

"I think it is time for him to retire in singles," Ivanisevic said of the 32-year-old Woodforde. "He is pretty old, he can't move."

"If I have son, I just show a picture of Woodforde and [say] you can't play tennis like him."

Ivanisevic said he is haunted by his five-set loss in the Wimbledon final last month to Sampras when he failed on two set points in the second set.

"Even now sometimes I think about it when I am alone," Ivanisevic said. "When I hit a good return then I think, 'Why didn't I hit it like that in the two set points?'" Ivanisevic said. "I try to do anything just not to think about it, but it is not easy sometimes. Pictures are coming back."

Sampras began his pursuit of a record-tying 12th Grand Slam singles title by beating Marc Goellner of Germany, 6-3, 6-2, 6-2.

Sampras served 11 aces, the fastest at 131 miles (210 kilometers) per hour, to dispatch Goellner in 84 minutes.

Patrick Rafter, the reigning champion, was scheduled to start his defense Tuesday. Rafter completed his preparations Sunday by winning the Hamlet Cup, his fourth tournament victory this summer.

Patrick Rafter beat Felix Mantilla, 7-5 (7-3), 6-2, to win the Hamlet Cup in suburban New York.

"Physically, I'm more refreshed and



Gustavo Kuerten serving Monday as he beat Noam Behr, 4-6, 6-4, 6-3, 6-4.

a lot more relaxed for the U.S. Open than I was last year," Rafter said. "I don't have to prove anything. My record this summer speaks for itself. I'm going into the tournament with a lot more confidence and a stronger mental attitude."

In the women's singles, Patty Schnyder of Switzerland, seeded No. 11, advanced with a 7-6 (7-5), 7-5 victory over Yuka Yoshida of Japan. Ai Sugiyama, the No. 16 seed from Japan, beat Ruxandra Dragomir of Romania, 6-1, 6-2. (Reuters, AP, AFP)

Indonesian Celebrates After Losing To Thailand

Compiled by Our Staff From Dispatches

An Indonesian striker scored an own goal Monday to give Thailand a 3-2 victory it did not want in a bizarre Tiger Cup match in Ho Chi Minh City.

Both teams had said before the game that they did not want to win. Victory meant a semifinal match against host Vietnam in Hanoi on Wednesday, National Day. Indonesia, the loser, will stay in Ho Chi Minh City to play Singapore.

The referee did not have to blow his whistle in the first half and neither team made a serious attack on goal. The fans began to leave after 20 minutes. At half-time the coaches were called before the match commissioner, Tan Eng-yoon.

The talk seemed to have an effect. Indonesia scored. Thailand equalized. Indonesia went ahead again. A minute from time, Thailand equalized again.

Then Indonesian players kept possession on the edge of their own penalty area. As the final seconds ticked by Muryid Effendi thumped the ball into his own net and turned to celebrate.

"This is the first time as a coach that I have seen a team play like this," said Rudy Bahawan, the Indonesia coach. "And I'm ashamed."

Rijkard Takes Over Dutch

Frank Rijkard was appointed coach of the Dutch national team Monday, Agence France-Presse reported from Ziest, Netherlands.

Rijkard, a defender and midfielder, played on European Cup-winning teams at AC Milan and Ajax Amsterdam. He played in the Dutch team that won the European Championship in 1988. He succeeds Guus Hiddink, who resigned to coach Real Madrid after guiding the Dutch to the World Cup semifinals.

Rijkard, 35, was born in Suriname. He was Hiddink's assistant at the World Cup. He will be in charge at least until Euro 2000, which the Dutch will co-host.

New Coaches Kick Off (Reboot?) Quest for First High-Tech Title

New York Times Service

NEW YORK — They want you to believe that this is the year college football rushes into the future, when quaffles and adjusted deviations get swirled with the quaint, old-fashioned polls to crown an undisputed national champion.

They want you to believe that the coaching coach line — 13 new faces are popping up in Division I-A jobs — will give the 1998 season a saucer beat.

And they want you to believe that this is really the year of the quarterback, even though Peyton Manning and Ryan Leaf have moved on to the National Football League. Cade McNown at UCLA, Daunte Culpepper at Central Florida, Tim Couch at Kentucky, Michael Bishop at Kansas State, Corby Jones of Missouri and Donovan McNabb at Syracuse should ensure that there are plenty of Saturday bonfires.

Who are they? Conference commissioners, coaches, writers, television pundits and, most important, fans. The beauty of college football endures because there is no league office, no catchy marketing slogan, no free agency or playoff structure to encroach on the mystery of who is the best team.

"It's all a mystery; that's why you line them up and play them," said Joe Paterno, the Penn State coach who is two victories away from becoming the sixth college coach to win 300.

The usual suspects should contend for the national title: Nebraska, Florida State, Florida, Michigan and Ohio State. But the Bowl Championship Series has been conceived to pick two of them for a true No. 1-against-No. 2 bowl game, on Jan. 4 at the Fiesta Bowl.

To do so, the conference commissioners have come up with a math-

College Football / JOE DRAPE

ematical formula that is entertaining, confusing and ultimately as fallible as the news media and coaches' polls, which determined previous champions.

On the coaching front, Mack Brown moves from North Carolina to Texas. Paul Hackett goes from National Football League offensive coordinator at Kansas City to USC, where he won his first game, the Piskin Classic, 21-17, against Purdue on Sunday.

But only one new coach matters: Frank Solich at Nebraska, which has won outright or split the national championship in three of the last four years. He is a 53-year-old rookie head coach who spent 19 years as a Cornhusker assistant under Tom Osborne.

While there is a brigade of electrifying quarterbacks, none is more intriguing than the starter at Florida State. Chris Weinke is a 26-year-old who failed as a baseball minor league.

Finally, toss in a wide-open Heisman Trophy race that is notable for its unheralded field, which is headed by the Texas running back Ricky Williams. He sports dreadlocks, but fashions himself after such old-timers as Doak Walker of Southern Methodist and another Longhorn, Earl Campbell — the 1948 and 1977 Heisman winners.

Computing Who's No. 1

The Bowl Championship Series grew from the bowl alliance and was made possible when the Big Ten and Pacific 10 conferences, along with the Rose Bowl, agreed to take part. In theory, never again will an undefeated Michigan team and an undefeated Neb-

raska team each win a national championship, as was the case last year — the Wolverines finishing No. 1 in The Associated Press poll, and the Cornhuskers finishing on top of the USA Today/ESPN coaches' poll.

The goal is simple: to match the two best teams in a title game, which will rotate among the Sugar, Orange, Fiesta and Rose bowls. The method is not simple. It will factor in the coaches' and news media polls, three sets of computer rankings, team records and the strength of their schedules.

Even those most affected — the coaches — do not always understand the system. John Cooper, coach of both polls' preseason No. 1 choice, Ohio State, opts for blind faith. "Any system where No. 1 and No. 2 meet on the field in the last game, I'm all for it."

Bohby Bowden, whose Florida State team is the preseason polls' second pick, embodies a prevalent confusion. First he said the system left no margin for error, then, remembering the 1993 title the Seminoles won despite a regular-season loss to Notre Dame, he decided, "Maybe you get room for one error."

Finally, he gave up. "I guess the thing is you only have to be No. 2 after the season," he said. "Shoot, I guess this is the best we're going to get."

If the computers compute correctly and the voters vote with care, there remains only one way to guarantee an unimpeachable national title game: two teams, and only two, need to go unbeaten and untied, as has happened in five of the last seven seasons. If three teams end with perfect regular-season records, which has happened three

times since 1979, the debate is reopened. If one team is perfect while two others have one loss, the discussion turns to who is the true No. 2.

"Is this a perfect system?" asked Roy Kramer, commissioner of the Southeastern Conference and chairman of the championship series. "There is no perfect system."

Nebraska Coach on the Spot

In Nebraska, saying that there is no perfect system would be considered blasphemous. Frank Solich knows that. Like the Nebraska fans who slap his back a little harder now on the streets of Lincoln, Solich believes that the Cornhusker program is as flawless as any involving pads and helmets. He played fullback under one Nebraska coaching legend and learned the system as an assistant alongside another.

In 11 seasons, Bob Devaney won 101 games and two national titles. Over 25 years, Tom Osborne won 255 games and three national titles. So what is expected from Solich now that he has inherited the defending co-national champions, even though it is a team that has lost a starting quarterback and 1-back and returns only one offensive lineman?

"Some people may have 8-3 expectations, but I haven't run into any of them," Solich said in his characteristic monotone. "When people stop me on the street, they don't ask me how we'll do, they tell me."

Solich was given a year to prepare. In July 1997, Solich said, Osborne knocked on his door and asked for a minute. "He told me he was going to retire and I'd be the next coach," Solich recalled. "We talked about when he would announce it. He asked me not to mention it to anyone."

The whole thing took 10 minutes." "Nebraska doesn't change," Solich said. "We have not tried to be trendy. We know our offense. We know what we need to get done."

From Diamond to Gridiron

He is a 6-5, 225-pound sophomore who speaks in the measured tones of an investment banker. He hit .248 over six minor league seasons as a first and third baseman, but when the Toronto Blue Jays asked him to move to catcher, he had another position in mind. So Chris Weinke called Bobby Bowden.

Back in 1990, the Florida State coach had thought enough of Weinke, a high school All-American, to sign him as the team's only quarterback prospect. Then the Blue Jays called and offered \$400,000. Bowden did what he always does when baseball steals a player: he told the kid he would hold his scholarship in case he changed his mind.

"You know, when I said that I was thinking that if he changed his mind within two years, we'd have a scholarship for him," Bowden said, laughing. "Not six years. I'd already forgotten about him when he finally called again."

When Weinke returned to school last season, he admits, he was far more comfortable in coaches' meetings than in the locker room.

The coach recognizes that Weinke's maturity will be vital to a young team. Weinke only mopped up in a few games last year, but he impressed Bowden with long hours in the film room.

"He is a professional," Bowden said. "He's got six years of pro ball behind him. It's not football. But I don't know if anybody has as much pressure as a guy



Paul Hackett, the new USC coach, celebrating a touchdown in a season-opening victory over Purdue.

does standing in that box trying to hit the fastball with the bases loaded."

When asked the difference between Weinke and the other Seminoles, the running back Travis Minor said, "The rest of us are broke."

Weinke, a Minnesota native, said he had invested his bonus wisely. Asked whether he was a millionaire, as rumored in the locker room, Weinke smiled and said teasingly, "I might be close."

His biggest investment, however, may have been in breaking through the generation gap with his young teammates. He stayed in Tallahassee over the summer and organized throwing and running drills. He recently took his entire receiving corps out to dinner at a seafood restaurant. The offensive line, which averages 314 pounds, will be his next target.

Where will he take them? "To an all-you-can-eat buffet," he said, demonstrating the old guy's wisdom he brings to his new game.

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE			
EAST DIVISION			
Team	W	L	Pct.
New York	50	37	.571
Toronto	44	43	.506
Baltimore	41	46	.471
Seattle	39	48	.448
Tampa Bay	33	54	.382
CENTRAL DIVISION			
Cleveland	44	43	.506
Kansas City	44	43	.506
Chicago	41	46	.471
Minnesota	39	48	.448
Detroit	32	54	.382
NATIONAL LEAGUE			
EAST DIVISION			
Atlanta	50	47	.565
New York	44	43	.506
Philadelphia	41	46	.471
St. Louis	39	48	.448
Florida	33	54	.382
CENTRAL DIVISION			
Houston	44	43	.506
Chicago	41	46	.471
Cincinnati	39	48	.448
Pittsburgh	33	54	.382
St. Louis	33	54	.382
WEST DIVISION			
San Diego	44	43	.506
San Francisco	41	46	.471
Los Angeles	39	48	.448
Colorado	33	54	.382

NATIONAL LEAGUE

50	47	.565	
Atlanta	44	43	.506
St. Louis	41	46	.471
San Francisco	39	48	.448
Los Angeles	33	54	.382
San Diego	33	54	.382
Colorado	33	54	.382
Arizona	33	54	.382
San Francisco	33	54	.382
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SPORTS

Once Again, McGwire Answers the Challenge

Sluggish Clubs
55th After Cub
Ties Him at 54By Ira Berkow
New York Times Service

ST. LOUIS — Mark McGwire and Sammy Sosa have turned the home run chase into a game of cat and mouse.

Sosa, of the Chicago Cubs, homered Sunday afternoon to tie McGwire for the home run lead, at 54 all, only to have McGwire—almost exactly seven hours later—blast one out of Busch Stadium.

The seventh-inning hit off Dennis Martinez, the Braves' right-handed relief pitcher, traveled an estimated 500 feet (152 meters) to dead center field.

Not only did McGwire take sole possession of the home run lead with 55, but he also gave the Cardinals an 8-7 lead in the game, as there were two runners on base when he struck the blow. The lead stood up as the Cardinals took the final game of their series with the Braves.

McGwire also drew closer to catching Roger Maris' single-season record of 61 homers, set in 1961. McGwire has 26 games left in the season, Sosa has 25. Sosa has moved to within a home run or two of McGwire several times in the last few weeks—after McGwire held the lead for virtually the entire season—and even went ahead once when the two teams played in mid-August. But each time Sosa closes in, McGwire unloads.

In Chicago, on Aug. 19, Sosa went one ahead of McGwire, only to have the Cardinals hit two in the same game to regain the lead. Sosa hit his 52d homer in an afternoon game Wednesday against the Reds, and McGwire responded with his 54th, against the Marlins, that night.

"It feels good to come back and win a game, feels even better doing it against one of the best teams in the National League," McGwire said Sunday.

As for Sosa, McGwire said, "I can only take care of myself." He added, "I don't see the homer thing as a challenge between me and Sammy. You don't get an Oscar at the end of the season."

But he knows the stakes, of course. It is for the most heralded record in American sports. "What a great year, what a historical year," he said. "Wouldn't that be something if both Sammy and me hit

Chasing the Record

Home run tally for two contenders to break the season record of 61 homers set in 1961 by Roger Maris (left).

MARK MCGWIRE

55 3-for-3 with one homer vs. Atlanta on Sunday

Maris through 136 games: 53

SAMMY SOSA

54 1-for-3 with one homer vs. Colorado on Sunday

Maris through 137 games: 53

Sosa Drills One Off Scoreboard In Brief Catch-Up

By Bill Dedman
New York Times Service

DENVER — Sammy Sosa's 54th homer was a long one. Two Cubs fans, Mike and Karen Bressler, were settling into the last row at Coors Field when the ball sailed over their heads like a plane taking off for Chicago. The line drive bounced off the scoreboard girders about four stories above the field, producing a rugby scrum in search of a souvenir.

"One guy had just gotten his hot dogs and fries and everybody ran him over," said Mike Bressler, 41. "There were hot dogs everywhere."

Out of the pile emerged a bruised but glorious T.J. Salvador of nearby Fort Collins, with a Cubs souvenir to match: his Cubs shirt. He offered the ball to Sosa after the game, but the slugger let the fan keep it. The Ruthian clout, estimated at 482 feet (146 meters), was the longest home run of the 171 hit so far this year at Coors Field.

In his first-inning at bat, Sosa missed a fastball to fall behind 1-2 in the count. He waited for Darryl Kile's next pitch, a slider that stayed over the plate. "I didn't see where it landed," Sosa said. "I'm just trying to be patient."

The two-run home run drew a delirious ovation from the home crowd of 48,255, and respect from the Colorado players. "It silenced the dugout," said the Rockies' manager, Don Baylor. "No ballpark's going to hold that ball."

The home crowd was disappointed in the finish, a 4-3 Cubs' victory, and also because Sosa hit only one home run. He popped out in the third, struck out swinging in the fifth and walked in the eighth, only to be thrown out trying to steal second.

After the game, Sosa declined to assume the role of favorite to pass Maris, repeating his mantra: "This is the Mark McGwire show. If I get it first, God bless America."

Sosa could cool off and still break the record with ease. He needs a home run in about one out of three remaining games. In the past three months he has hit better than one home run in every two games (45 homers in 84 games, beginning with two May 25). As August proceeded, he stepped up the pace, hitting eight homers in 14 games.

It was Sosa's second home run in six games this year in Colorado, where homers are plentiful. The Cubs and Rockies hit 25 home runs and 164 hits in their six games there. Other homers Sunday came from Gary Gaetti (his 13th) and Jose Hernandez (21st) of the Cubs and Larry Walker (20th) of the Rockies.

The victory helped the Cubs tie the New York Mets in the National League wild-card race.

Bret Boone hit his fourth homer in four games, drove in four runs and extended his hitting streak to a career-high 13 games as Cincinnati completed a four-game sweep of the defending World Series champs.

It was the first time this century that the Reds were undefeated against another NL team in a season.

Diamondbacks' 7, Brewers' 3 Matt Williams homered, drove in four runs and stole two bases as Arizona made it three in a row over visiting Milwaukee.

Devon White was 2-for-3, including his 21st home run, and scored three times.

Sammy Sosa watching his 54th home run take flight at Coors Field.



Two Twins — Alex Ochoa, an outfielder, left, and Todd Walker, the second baseman — bobbing a pop fly in Toronto. The Blue Jays won, 6-0.

Griffey Hits 46th and 47th As Seattle Routs Yankees

The Associated Press

Ken Griffey, leading the American League, hit his 46th and 47th homers, giving him five in eight games, as Seattle won in a rout at Yankee Stadium.

Griffey, who drove in five runs, gained

AL ROUNDUP

ground on Mark McGwire and Sammy Sosa in pursuit of Roger Maris' home-run record of 61.

A day after the Yankees became the first team to clinch a postseason spot, they looked nothing like a playoff club Sunday. A crowd of 55,341 watched New York fall behind 10-0 in the fifth inning as its four-game winning streak came to an end.

Indiana 9, Athletics 4 In Cleveland, the rookie Richie Sexson hit his first grand slam as the Indians beat Oakland for the first time in 10 games.

Sexson, batting .413 since replacing the injured All-Star first baseman, Jim Thome, hit a shot into the left-field bleachers in the bottom of the seventh inning, his third homer in two days and fifth this season.

White Sox 5, Rangers 3 Jeff Abbott drove in two runs as Chicago beat struggling Todd Stottlemyre and the visiting Texas Rangers.

Abbott hit a sacrifice fly in the third inning and a run-scoring double to tie the fifth for the White Sox, who have won five of seven games.

Stottlemyre (3-3), acquired from St. Louis on July 31, allowed five runs and six hits over six innings. He has given up 23 runs in 24 1/3 innings in his last five starts.

In games reported in late editions Monday: Blue Jays 6, Twins 0 Roger Clemens pitched a two-hitter for his third straight shutout and 12th consecutive victory as

Toronto blanked visiting Minnesota. The 36-year-old right-hander is unbeaten in his last 17 starts.

Angels 8, Red Sox 6 Garret Anderson homered and drove in three runs as Anaheim won its second straight series against a possible playoff opponent. The Angels took two of three games at Boston after three of five in New York.

Royals 3, Orioles 2 Kansas City won in Baltimore to complete its first sweep of the Orioles since 1991 and stretch the Orioles' losing streak to seven games.

Devil Rays 10, Tigers 5 Rolando Arrojo pitched seven shutout innings for his first win since July 16 and Bobby Smith homered as Tampa Bay won at Detroit.

Phillies, With Help From a Triple Play, Beat Giants

The Associated Press

Curt Schilling was laboring, struggling to finish what he started. Jeff Kent took a swing and hit the ball just about as hard as he could.

The result took them, and a lot of others, by surprise.

Kent's line drive was snared by the shortstop, Alex Arias, starting an eighth-inning triple play that helped Schilling hang on to pitch his major league-leading 13th complete game in Philadelphia's 5-4 victory Sunday over the host San Francisco Giants.

The triple play unfolded so quickly Kent barely had a chance to move from the batter's box before it was over.

"When it went off the bat, I didn't have time to think," Kent said. "I was just in shock. I hit that ball hard. What can you say?"

Schilling, touched for seven hits, including a pair of solo homers by Barry Bonds, started the eighth by fanning Rich Aurilia. But the ball got away from

the catcher, Bobby Estalella, allowing Aurilia to reach first. He moved to second on another wild pitch, and Bonds was intentionally walked.

Kent's liner went right to Arias, who flipped the ball to the second baseman, Mark Lewis, to double off Aurilia, and

NL ROUNDUP

Bonds was caught off first when Lewis completed the triple play by relaying to the first baseman, Rico Brogna.

Buoyed by the Phillies' first triple play since Sept. 20, 1992, against Pittsburgh, Schilling came back to close the game out, stranding the tying run at second when he got the pinch-hitter J.T. Snow to ground out.

It was the second time this season that the Giants hit into a triple play. The other came Aug. 3 against the New York Mets.

"That was total misfortune," the San Francisco manager, Dusty Baker, said.

"That's two this year. I hadn't seen two in my career."

Astros 11, Pirates 4 In Houston, the rookie Richard Hidalgo homered twice as the Astros got their 40th come-from-behind victory this season.

Shane Reynolds (17-8) struck out a season-high 11 in seven innings for Houston, which has won three straight and 18 of 23.

Dodgers 4, Mets 2 The reserve catcher Tom Prince hit a tie-breaking two-run double in the seventh inning, and the former Met Dave Mlicki struck out a season-high nine.

New York's loss, coupled with Chicago's victory, left the Mets and Cubs tied for the NL wild-card lead.

Pitching in 101-degree heat at Dodger Stadium, Mlicki went the distance, giving up two runs on eight hits.

Expos 2, Padres 1 Mike Thurman and three relievers held San Diego to three hits, and the former Padre Scott Livi- ingstone had a pinch-hit run-scoring

single in the seventh for visiting Montreal.

The Expos handed Kevin Brown (17-5) his second loss in his last 16 decisions.

Reds 14, Marlins 7 In Cincinnati, the Reds finished a perfect season against Florida—winning all nine games—by coming from behind three times.

Bret Boone hit his fourth homer in four games, drove in four runs and extended his hitting streak to a career-high 13 games as Cincinnati completed a four-game sweep of the defending World Series champs.

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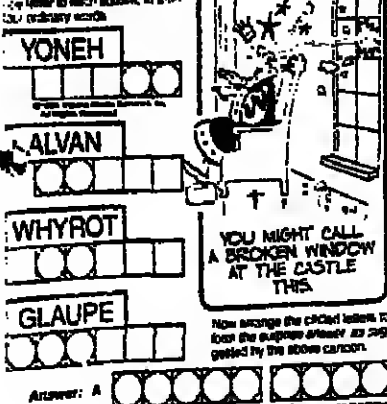
Devon White was 2-for-3, including his 21st home run, and scored three times.

DENNIS THE MENACE



"JUST THINK, JOE... IF THE STORK HAD LANDED TWO MORE HOMES FURTHER, YOU'D BE MY LITTLE BROTHER!"

JUNBLE

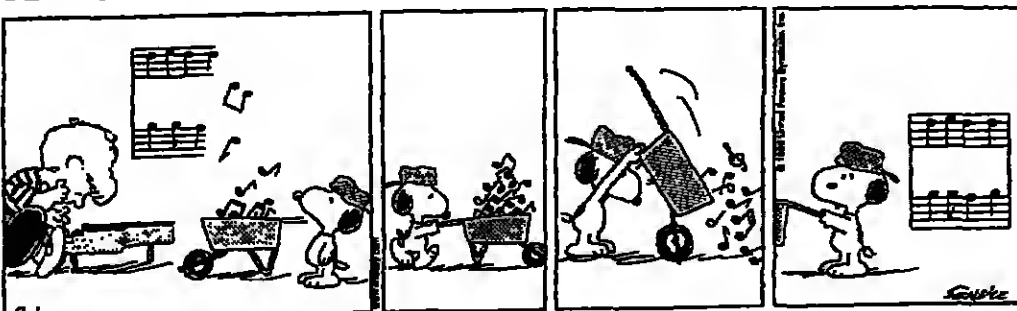


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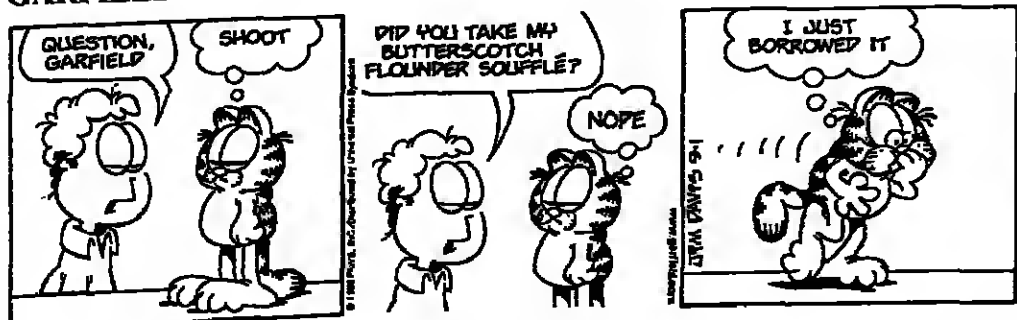
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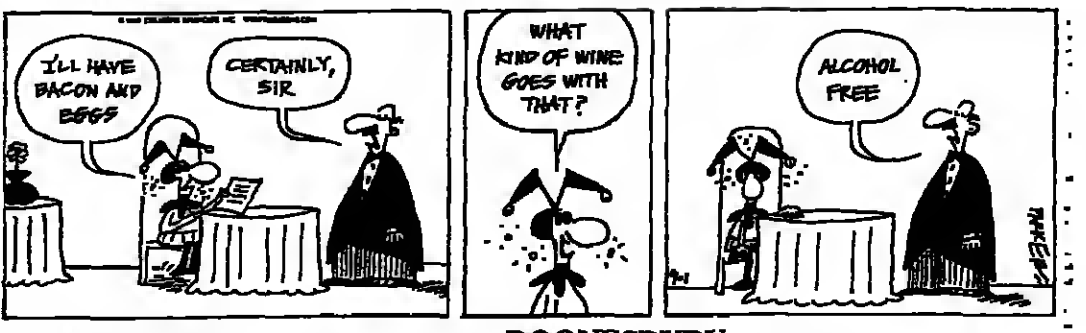
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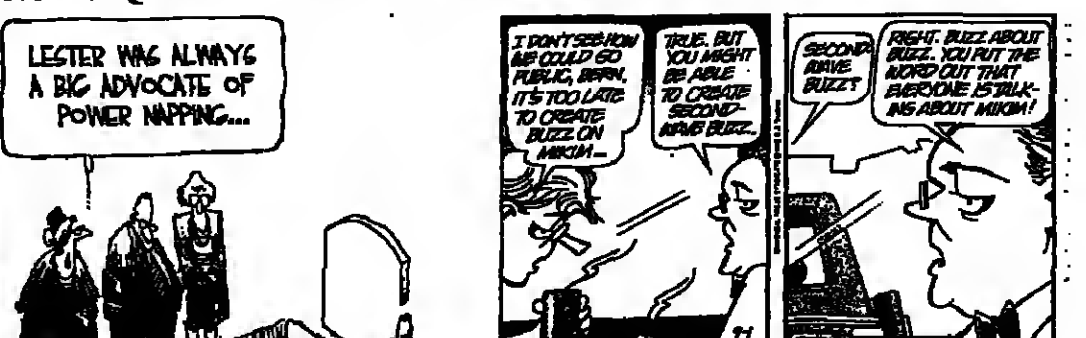
CALVIN AND HOBBES



WIZARD OF ID



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DOONESBURY



ART BUCHWALD

Bill's Advice to Boris

NEW YORK — It was the first meeting in Moscow between Boris Yeltsin and President Clinton. The ruble was lower than the Moscow subway.

Yeltsin said to the president, "I'm up to my ears in fiscal borscht. What do I tell my people?"

Clinton said, "Tell them the truth. They'll forgive anything if you tell them the truth."

"But my devaluation plan didn't work."

"The country is going broke."

"It doesn't matter as long as you level with your people. They expect you to make a few mistakes. After all, leaders of superpowers can screw up. But if you go on television and offer a mea culpa, they will say, 'Let's get on with it.'"

Yeltsin said, "What's a mea culpa?"

"You go on television and ask everyone, including God, to forgive you for your sins."

"Will it work?"

"It always works for me," Clinton said. "I had a problem recently, and I was being criticized for it. So I told the country I had made a slight mis-

take, and afterward everyone was glad I admitted to it."

"Will they forgive me for defaulting on my loans?"

"They forgave me when I said I had defaulted on personal matters, and everyone breathed a sigh of relief. In our country they like a president who is a straight shooter."

"Suppose I devalued the ruble, defaulted on my loans and had an affair with a ballet dancer in the Kremlin. Should I confess to all three?"

"Two out of three is enough. The Russian people don't want to hear all your mistakes."

Yeltsin was grateful. "I feel terrible about the ruble falling. At the beginning I denied that it had fallen. But then the evidence kept piling up, and I was sure people would not believe me. The Russians get upset about their rubles."

"You did the right thing, Boris. Never explain and never complain. Swearing on a stack of rubles usually works when all else fails."

"Will my confession help me in the polls?"

"It helped me. I was way down in the polls until I told the truth about Hurricane Bonnie on CNN."

Dublin Spirits Away Artist's Studio

Agency France-Press

LONDON — The studio of Francis Bacon, Britain's most famous post-war artist, has been secretly dismantled and transferred from London to Dublin, the Sunday Times says.

John Edwards, Bacon's heir, told the paper he had given the Tate Gallery first refusal, but his offer had been spurned.

The studio in South Kensington was taken apart by "archeologists" from the High Lane Gallery in Dublin. It will take several months to reassemble and it will then go on permanent exhibition. The paper said the transfer had caused outrage among art scholars and politicians who said the government should have intervened to save the studio for England.

Bacon, who was born in Dublin, found fame in London where he lived his death from a heart attack in 1992.

Who Owns N.Y. Skyline? Check the Fine Print

By David W. Dunlap
New York Times Service

NEW YORK — For years, Bobby Short has been singing at the Café Carlyle that he feels New York is really "my personal property, right down Broadway to City Hall."

Careful, Bobby. That slice of New York skyline you think is yours may in fact be trademarked.

The art deco spire of the Chrysler Building is a registered trademark (No. 1126888). So is the neoclassical facade of the New York Stock Exchange (No. 1761655). Even the Manhattan White Pages needed permission to depict "Patience," one of the marble lions guarding the New York Public Library on Fifth Avenue (Trademark No. 1838167).

Rockefeller Center has applied for trademark protection of its centerpiece skyscraper, 30 Rockefeller Plaza, along with representations of the skating rink, Prometheus and Atlas. Radio City Music Hall is considering trademarking its signature art deco interiors. The Flatiron Building and Grand Central Terminal are other eligible candidates.

Indeed, a growing number of landlords are seeking to control the ways in which images and likenesses of their distinctive buildings are used by others. They mean business, too. The New York Stock Exchange has sued the New York-New York Hotel and Casino of Las Vegas for building a one-third-scale model of the exchange's facade on the gambling floor.

"We've never taken the position that somebody who walks in off Las Vegas Boulevard will think they're in the Stock Exchange," said Doreen Costa of Baker & Botts, lawyers for the exchange. "But somebody may believe that this is licensed."

And in New York the owners of the Chrysler Building have demanded that Fish Eddy, a tableware store, stop selling a line of dishes called 212, which depicts the building's Jazz Age spire among other

New York landmarks in the border. The chill from these cases is being felt not just by souvenir makers, who reproduce buildings on mugs, magnets or salt-and-pepper shakers, but by designers, publishers, photographers and horror-film makers in search of fresh landmarks to crush. Their needs can conflict with those of owners determined to treat architectural features as valuable — and exclusive — assets.

"It is the responsibility of the ownership to protect the goodwill that is symbolized by the mark," said Keri Christ of Milbank, Tweed, Hadley & McCloy, lawyers for the owners of the Chrysler Building, the Flatiron Building and Rockefeller Center.

"This is analogous to the situation where a celebrity or a famous person has a property right in their name and likeness that enables them to control the commercial exploitation of their identity," she said. "Why would you want to deny that kind of protection to a famous landmark?"

Because, said Julie Gaines, the co-owner of Fish Eddy, "it's un-American!"

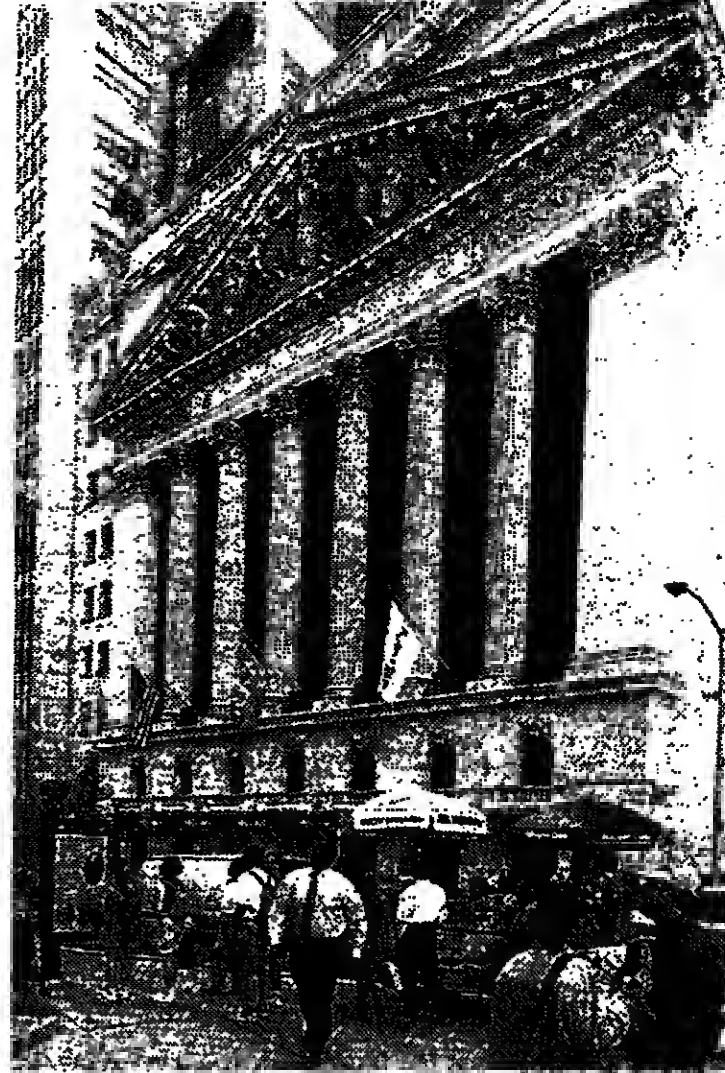
"How can they say we can't use the Chrysler Building?" she asked. "We wanted to do a plate that represented New York City. Leaving off the Chrysler Building would be like leaving off the World Trade Center."

David Childs, a partner in Skidmore, Owings & Merrill, which has designed corporate icons like Lever House on Park Avenue, was outraged to learn that the stainless-steel Chrysler spire was a trademark.

"Does this mean you can't use stainless steel?" he wondered. "Does this mean your building cannot come to a point? What about Imhotep?"

Come to think of it, William Van Alen's design for the top of the Chrysler tower does bear an eloquent resemblance to Imhotep's Step Pyramid at Sakkarah, Egypt, built almost 4,800 years ago.

The notion of trademarking a building is not as ancient as that,



Architecture as a valuable asset: The neoclassical facade of the New York Stock Exchange is a registered trademark.

but it is not freshly concocted. It goes back at least to the 1930s, when courts held that White Castle had an exclusive right to its distinctive diner design.

In 1879, the engineer Gustave Eiffel obtained a patent on his structural system for the Statue of Liberty. (The statue's image is

firmly in the public domain.) Patents, which protect inventions, are not usually sought for one-of-a-kind structures.

"The type of things that are more likely to be patented are Fotomats, telephone booths, fast-food restaurants, styles of layouts," said John Kittle, the director of the design

examining group in the Patent & Trademark Office in Washington. Copyrights, which protect original artistic works, are more often claimed by architects.

Platt Byard Dowell Architects adds a © to each drawing. "Put a 'C' in a circle says to the owner, 'You can't copy my drawing,'" said Paul Byard, a partner firm and a lawyer.

Trademarks are indicators of designs, symbols, words or phrases — that distinguish the goods and services of one party from those of others. Federal registration is not required, although it helps in legal challenges.

As a trademark, a building is no different from any other three-dimensional object that plays such a role — the Weber grill, the Pepperidge Farm Goldfish cracker or the Coca-Cola bottle.

Coke bottles featured prominently in the case of the Rock 'n' Roll Hall of Fame and Museum in Cleveland, which has sued to prevent a photographer, Charles Gentile, from selling posters showing the pyramidal facade of its building.

"The physical structure of the museum, the I.M. Pei-designed building is 'the Coke bottle,'" declared Chief Judge Boyce Martin Jr. of the 6th U.S. Circuit Court of Appeals in Ohio, in a dissenting opinion in the case.

"Its building symbolizes something unique and protectable under the trademark laws," he wrote. "Like the Coke bottle, the building is also a container. Instead of containing a soft drink, the museum contains an array of tangible and intangible elements."

But the two-judge majority disagreed, lifted an injunction against Gentile and sent the case back to district court.

"When we view the photograph in Gentile's poster, we do not readily recognize the design of the museum's building as an indicator of source or sponsorship," they declared. "What we see, rather, is a photograph of an accessible, well-known, public landmark."

PEOPLE

WITH canvases like "Girl Before a Mirror" and "Three Musicians," the Los Angeles County Museum of Art will open a major exhibition of paintings, drawings, sculptures, collages and prints by Pablo Picasso. Beginning Sunday and continuing through Jan. 4, 1999, "Picasso: Masterworks From the Museum of Modern Art" draws on the holdings of that museum, which has one of the world's most comprehensive Picasso collections.

Britain's vice consul on the Spanish island of Ibiza is quitting the post out of disgust at the antics of his fellow-countrymen. The Mail newspaper reported that Michael Birkett felt "ashamed to be British" after spending 18 months watching young British "degenerates" who flocked to the island seeking sun, sex and heavy drinking sessions. "I have always been proud to be British, but these degenerates are dragging us through the mud," he said. "The young people are out of control. I am so angry at the degrading behavior and the bad name Britain is getting in Europe, I knew it was time to leave."

More than 600 people lined up Sunday for tickets to a show of 70 paintings by Vincent van Gogh that will open in Washington on Oct. 4. Some had been standing in line since 6:20 A.M., though the National Gallery of Art opened at 11 A.M. A spokeswoman said such lines had not been seen since

the gallery's exhibition of works by Johannes Vermeer.

A self-declared "King of Patagonia" said Monday that his troops had claimed deserted British rocks in the English Channel to protest Britain's "occupation" of the Falkland Islands. The office of King Orelie-Antoine I said troops had stamped the name of the Kingdom of Patagonia and hoisted its flag on the largest of the rocks. But most of the Minquiers rocks are under water at high tide. The International Court in The

Architect Opens Solo Show

New York Times Service

NEW YORK — Maya Lin, who vaulted to prominence as an artist when she won the competition to design the Vietnam Veterans Memorial in Washington while still an undergraduate at Yale in the early 1980s, will have her first solo museum exhibition in New York beginning Tuesday. The show, "Maya Lin: Topologies," runs through Oct. 31 at the Grey Art Gallery of New York University.

The show includes 15 works in glass, wood and wax, adapted from computer-enhancing imaging and microscopy and aerial views of Earth from airplane and satellite. Also included are prints, drawings and models.

Hague in 1953 turned down a French claim and confirmed British sovereignty. "King" Orelie-Antoine, an eccentric writer whose real name is Antoine Tounens, says he took over France's rights to the rocks. He claims to be a relative of a French adventurer who declared a short-lived Kingdom of Patagonia on Argentine territory in the 19th century.

More than 500 guests flew in to Juneau, Alaska, for a "top secret" party aboard a cruise ship that was being thrown by Paul Allen, a co-founder of Microsoft, for Bill Gates, the company's chief. Among them were Candice Bergen, James Cameron, Debbie Reynolds and Jeff Goldblum. Guests arrived on 20 or so planes, and were taken by bus to a 960-passenger cruise ship to cruise Glacier Bay and the Inside Passage.

Merle Haggard was supposed to be the headliner at the Red River Music Festival in Wichita Falls, Texas, but a gun infection forced organizers to postpone the show. "He can't even talk right now," a spokesman said. "There's no sense in the festival going on without Merle."

The fall cultural season at the Almeida Theater in London opens Tuesday with the world premiere of an Edward Albee play. "The Play About the Baby" is an exploration across generations and gender of the relationship of four people.



POWWOW — Tom LaBlanc, a Dakota tribe member, performing at a gathering in Bowling Green, Kentucky of American Indian dancers from 12 states.



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Markets

Future

By

W. J. HING

stock market's tough policy and more pressure on the board to cut interest rates. The air of prosperity seen the foundation of President Clinton's political support, and government officials say.

Unlike the stock market crash of October 1987, the financial market's 512-point downturn without any major problems in Clinton administration rushing Treasury secretary, Robert Rubin, with soothing words about the state of the American economy.

Mr. Rubin, who was back in Washington after two weeks of vacation Monday he had spoken of a day with Mr. Clinton, who had dropped precipitously.

Greenspan, the Fed chairman, who was in California.

A spokeswoman for the Federal Reserve, Lynn Fox, said the central bank had no comment on the market decline. But economists said any sharp drop in the market held a more compelling case than money could slow substantially during months and that a cut in

Malaysia Closes in Currencies

By Thomas Fuller
International Herald Tribune

KUALA LUMPUR — Malaysia's stock market turned its back on the foreign market Tuesday, becoming the first Asian country hit by the economic crisis to clamp down on currency trading.

The government said Tuesday that it would restrict currency trading and investment in Malaysia and a ban on the sale of foreign currency to the country, would insulate the domestic economy from the spreading financial crisis.

People can no longer stay with the dollar-free market system, Prime Minister Mahatir bin Mohamad said during the measures. "They need

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18.00	18.00	18.00	18.00
20.00	20.00	20.00	20.00
22.00	22.00	22.00	22.00
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